

# FINANCIAL TIMES

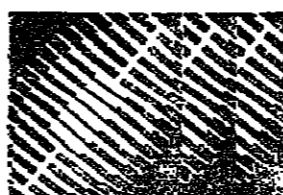
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now it's a  
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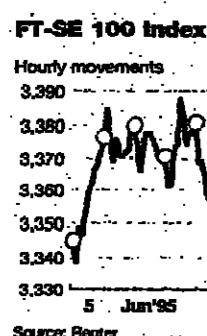


Islands  
in the sun  
Pages VI and VII

World Business Newspaper

WEEKEND JUNE 10/JUNE 11 1995

## Markets hit by fears over US Treasury bonds



Reports that the Japanese Ministry of Finance would restrict purchases of US Treasury bonds hit financial markets yesterday, despite an MoF official in New York playing down the story. On Wall Street, the Dow Jones Industrial Average fell 50 points in early afternoon trading to 4,408, triggering restrictions on program trading. The 30-year US Treasury bond was over a point lower at lunchtime to yield 6.89 per cent and fell sharply, with the 2017 issue down more than two points. There were falls of over a point in German and Spanish government bonds. In London, the FT-SE 100 index dropped 43.1 points, or 1.3 per cent, to close at 3,337.7, while in Paris, the CAC-40 fell 54.17 points or 2.8 per cent to 1897.02. Japan fears spark decline in Treasuries, Page 6; US Treasury prices fall, Page 6; World stocks, Page 17; London stocks, Page 19; Markets, Weekend FT XX

**International Paper plans action:** International Paper of the US announced plans to oust the board of Holvis, the Swiss paper distribution and non-woven textiles company, and pursue legal action over a rival bid by Britain's BBA Group, Page 6

**Probe into power sale urged:** Britain's opposition Labour party urged the Serious Fraud Office to step into the row over the handling of the sale of the government's final 40 per cent stake in the electricity generating companies, National Power and PowerGen. Powers that be in question, Page 8; Lex, Page 22

**Santer warns UK over currency names:** European Commission president Jacques Santer called for an early decision on the name of the single European currency and warned Britain against blocking the move, Page 2; Think-tank warns of loss of influence, Page 4

**Russia and Ukraine agree on fleet:** Russia and Ukraine claiming an "historic" breakthrough over the division of the Black Sea Fleet. It will be split in half and Ukraine will sell most of its ships to Russia, Page 22

**Argentina warns of companies:** Argentina threatened to take legal action against companies which sign oil exploration deals under a licensing round being planned unilaterally by the Falkland Islands government, Page 3

**UK trade deficit lowest for eight years:** Britain's quarterly trade deficit has fallen to a seasonally adjusted £2bn (\$3.14bn) from £3bn, its lowest level for eight years, Page 18 and Lex

**Britain's black economy nets £66bn:** Britain's black economy is thought to have generated about £66bn (\$103.6bn) last year, with the poorest 20 per cent of the population financing about a third of their spending from income which they had not declared to the taxman, Page 4

**Norway and UK defend over rig dumpings:** Britain and Norway refused to give up plans to dump large oil rigs at sea despite a resolution by their European neighbours that all platforms be disposed of on land, Page 2

**Firm accepts Maxwell audit probe:** UK accountancy firm Coopers & Lybrand abandoned its fight to postpone an investigation of its role in auditing the Maxwell Group pension funds, Page 4

**Syria sees hope of peace:** Syria said the current Middle East visit of US secretary of state Warren Christopher offered a real chance for a breakthrough in Israeli-Syrian peace talks, Page 3

**Tesco expects higher profits:** Analysts upgraded profits forecasts for UK food retailer Tesco after it announced total sales were running 16 per cent higher than last year, Page 5

**Welsh Water promises pay-outs:** Shares in Welsh Water rose 18p to 680p as it became the fifth UK utility to promise special payouts to shareholders and give rebates to customers. The group unveiled its programme despite a 16.5 per cent fall in annual pre-tax profits to £120.4m (\$189m), Page 5

**Former Warner Bros man backs cinemas:** Steve Wiener, former chief executive of Warner Bros Theatres, intends to launch a chain of multi-screen cinemas in the UK, Page 4

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## Microsoft may face further probe

By Louise Kehoe in San Francisco

### Antitrust investigation could block Windows 95 launch

Microsoft, the world's largest computer software company, yesterday faced the risk that Windows 95, its new personal computer operating system program, could be blocked or delayed by a new US Justice Department antitrust investigation.

The Justice Department is examining Microsoft's plans to build access to a new online computer information service called the Microsoft Network into Windows 95. Antitrust regulators are also asking the company to explain one element of the terms under which it licenses personal computer manufacturers to install Windows 95 on new PCs.

change its licensing agreements. Microsoft acknowledged yesterday that it had received "requests for information" from the Justice Department, and said it was "co-operating fully" with the investigation.

These inquiries indicate that the Justice Department is close to reaching a decision on whether to seek to block Microsoft's plans - through an antitrust lawsuit or an out-of-court settlement.

The investigation raises the prospect of another legal battle between Microsoft and the Justice Department, potentially delaying the introduction of Windows 95 and the Microsoft Network and causing disruption throughout the PC industry.

Mr Neukom added, referring to complaints by America Online and other online service companies that Microsoft is using its dominant position in the operating system market to boost its entry into a new field.

## Santer says deal on name for single currency must not be blocked

### UK told to avoid veto in Emu talks

By Lionel Barber in Brussels



Britain is in a "very comfortable position": Commission president Jacques Santer yesterday

Mr Jacques Santer, president of the European Commission, yesterday called for an early decision on the name of the single European currency and warned Britain against blocking a settlement.

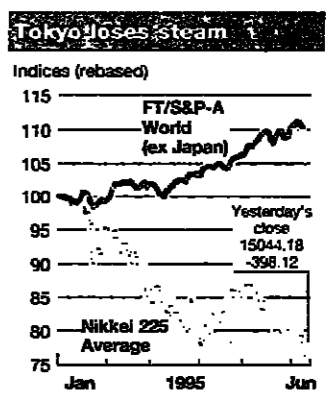
Mr Major told the House of Commons that "arguably the circumstances may not ever be right" for sterling to be merged in a single currency. The prime minister was responding to a report by the non-party Action Centre for Europe which concluded that member states staying out of Emu risked being marginalised.

Mr Santer acknowledged that some member states, notably Germany, had strong reservations about calling the future currency the Ecu, the name of an old French coin, now used to describe the basket of currencies in the European monetary system.

He pointed to the differing versions of the Maastricht treaty, which contains "Ecu" in the French text and "ECU" in German, standing for European currency unit.

## Bank of Japan reports business confidence rising

By Gerard Baker in Tokyo



Japan's economy remains on a gentle recovery path, the Bank of Japan yesterday, citing the results of its influential quarterly survey of business confidence.

Strong export growth to main overseas markets, especially North America, had helped to offset the currency difficulties.

The central bank dismissed fears that the sharp rise in the yen in the last year had put an end to the fragile recovery. The survey, taken in May, reported that the key index of business confidence, the balance of manufacturers saying economic conditions were favourable against those who found them unfavourable, improved for the fifth consecutive quarter, from minus 21 in February to minus 16. Non-manufacturers reported a similar outlook.

Most economists had been Japan's economy clings on to recovery, Page 3; World stocks, Page 1; Lex, Page 22

## Eurostar name loses lustre in French courtroom fight

By Andrew Jack in Paris, Charles Batchelor and Robert Rice in London

A tiny French transport company scored an embarrassing legal victory over the British, French and Belgian railways yesterday in a decision which may prevent them using the name "Eurostar" for their high-speed Channel tunnel rail service.

Judge Lydie Disser in the tribunal de grande instance in Paris ordered SNCF, the French national railway company, to stop using the name for the service linking London with Paris and Brussels within six months.

The action was brought by a Paris-based company called Eurostar, which laid a formal charge of deception against SNCF, the French rail company, on the grounds that it already had an almost identical title.

The court ordered SNCF to pay a fine of FF1,000 (\$196) and a symbolic FF1 in damages and interest to Eurostar. It said there was a risk of confusion between the two names because, although the lettering was different, the words sounded the same.

SNCF seems certain to appeal. The railway companies have spent more than £5m (\$7.6m) promoting the service under the Eurostar name. A high-profile TV advertising campaign is running on British television.

European Passenger Services, which represents the British and of the Eurostar partnership, said last night it had not begun to think about the consequences if it was required to drop the name.

EF8 said the usual checks of international brand name registries had been carried out before the Eurostar name was adopted but the issue was "complicated".

STOCK MARKET INDICES			
FT-SE 100	3,337.7	(-43.1)	
Yield	4.15		
FT-SE Eurotrack 100	1,259.31	(-11.89)	
FT-SE-A All-Share	1,841.32	(-1.09)	
Nikkei	15,044.18	(-398.12)	
New York Composite	4,424.33	(-34.24)	
S & P Composite	527.86	(-4.37)	
LONDON MONEY			
3-mo interbank	6.5%	(63.3%)	
Life long gilt	10.5%	(107.3%)	
US LUNCHTIME RATES			
Federal funds	6.5%		
3-m Treasury Bill	5.753%		
Long Bond	112.5		
Yield	6.871%		
NORTH SEA OIL (Argus)			
Brent 15-day (Jul)	\$17.552	(17.80)	
GOLD			
New York Comex (Aug)	\$381.1	(385.5)	
London	\$388.2	(385.5)	
STERLING			
New York lunchtime	\$ 1.5955		
London	\$ 1.596		
DM	2.2342	(2.255)	
FF	7.8228	(7.8137)	
Sfr	1.8896	(1.8804)	
Y	194.712	(135.063)	
£ Index	84.1	(84.5)	
\$ Index	88.3	(89.0)	
Tokyo close	¥ 84.705		
DOLLAR			
New York lunchtime	DM 1.40205		
London	DM 1.402		
Sfr	1.1575		
Y	84.255		
DM	1.3973	(1.4188)	
FF	4.811	(4.9825)	
Sfr	1.1905	(1.1713)	
Y	84.25	(85.03)	
\$ Index	88.3	(89.0)	
Tokyo close	¥ 84.705		

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## NEWS: EUROPE

## French to elect mayors tomorrow

By John Riddling in Paris

French voters go to the polls tomorrow in the first round of municipal elections which will determine whether the political right can capitalise on its presidential success and extend its control at local level.

The battle for France's 36,600 cities, towns and villages comes one month after the Gaullist Mr Jacques Chirac defeated Mr Lionel Jospin, his Socialist rival for the Elysée palace. His victory consolidated the power of the Gaullists and their centre-right UDF partners, adding to their overwhelming parliamentary majority and their domination of France's regional councils.

Coming so soon after the presidential poll and with local issues at the forefront of most municipal contests, tomorrow's vote is not regarded as a test for Mr Chirac. But the polls, which include several high-profile battles for big cities, will help determine the balance of political power at local level and whether the declining influence of the Socialists can be reversed.

The two-round election, with the final contests held next weekend, will also show whether the extreme-right National Front can capitalise on its strong showing in the presidential contest. Mr Jean-Marie Le Pen, the party leader, predicts that his record 15 per cent of the presidential vote will translate into municipal gains for National Front candidates, particularly in Alsace Lorraine, in eastern France, and in the south.

The most prominent contests include a bid by Mr Alain Juppé, the Gaullist prime minister, to become mayor of Bordeaux. Mr Raymond Barre, the former centre-right premier, is attempting to win Lyons, while Mrs Elisabeth Hubert, the health minister, is seeking to capture Nantes from the Socialist incumbent, Mr Jean-Marie Ayraud.

The candidacies of such senior politicians, who are allowed to combine national and local elected positions, reflects the importance of the mayor's office in French politics. A large city such as Lyons has an annual budget of more than FF3bn (\$500m) and provides an important power base. Even smaller towns have seen their influence and budgets increase as a result of the devolution of authority to the regions.

At present, the left has an edge in the larger conurbations, holding 129 of the 230 towns with more than 30,000 inhabitants. But it has lost ground since 1977, when it won control of 159 of these larger towns.

The Socialists have taken heart from the unexpectedly strong showing by Mr Jospin in the presidential campaign. However, in the battle for the Elysée, Mr Chirac defeated his challenger in 41 cities currently held by the left. The Socialist candidate outscored Mr Chirac in 17 towns and cities in the hands of the right.

The municipal contest has already revealed significant trends in local government. An estimated 40 per cent of incumbent mayors are not standing, a much higher proportion than usual. This reflects generational change, but also disaffection with the office. Many mayors in small towns and rural areas complain of the burden and increased responsibility of the post, while a series of notable corruption scandals have tarnished the image of the mayor's office.

At stake in tomorrow's polls are more than 500,000 local council seats. The councils then select the mayor at their first meeting.

## Honeymoon is over for Austria's Euro-lovers

By Ian Rodger in Vienna

It was just a year ago that Austrians broke out in emotional street parties to celebrate their overwhelming referendum decision - by a two thirds majority - to join the European Union.

Today, the mood has changed dramatically, reflecting that of a couple returning from honeymoon to their first quarrel, as EU affairs minister Brigitte Ederer put it yesterday.

A Gallup poll this week suggested that only 39 per cent of Austrians would vote to join the EU if a ballot were held now.

The source of disenchantment is consumer goods prices, which have not fallen as quickly or as sharply as

the government and other EU advocates led Austrians to believe. Gallup reported that the biggest drop in support for the EU occurred among women and people on low incomes.

In the run-up to last year's referendum, Austrian politicians promised that EU membership would cut the monthly grocery bill of every family by Schi.000 (\$24) a month.

Immediately after entry in January, prices for basic farm commodities, such as flour, bread and milk, fell significantly, reflecting the implementation of the EU's common agricultural policy, which provides much less support to farmers than the former Austrian system.

However, large retail chains have

used their market power to maintain prices on most other goods, such as furniture, clothing and most everyday household products and services.

The Austrian government apparently hoped the problem would gradually take care of itself. As Mrs Ederer pointed out yesterday, the Austrian people themselves are already taking the kind of action that will ultimately force suppliers of goods and services to reduce their prices.

Thousands of people now travel regularly, especially at weekends, to neighbouring towns in Italy and Germany to shop. Thanks to EU membership, there are no longer any restrictions or taxes on the goods

they bring back. Similarly, no one can stop an Austrian from seeing a dentist or buying contact lenses in Hungary or Slovakia, only half an hour away from Vienna.

Mr Josef Christl, chief economist of Creditanstalt-Bankverein, estimates that up to 5 per cent of Austria's Sch500bn annual retail turnover is being diverted to these countries.

However, this has only added to the irritation of consumer and trade union groups who have been complaining for several weeks about alleged abuses of market power by retailers.

On Thursday, the federal Chamber of Commerce, which represents all employers in the country,

announced it would take action.

Mr Günter Stummvoll, general secretary, said the chamber was studying the legal steps involved in taking a company to the European Court. Mr Stummvoll said there was clear evidence that some companies were charging prices up to 10 per cent higher in Austria than in Italy or Germany, after adjustment for tax and foreign exchange differentials.

He did not say which company he was targeting, but the Austrian press has cited Ikea, the Swedish furniture group, Benetton, the Italian clothing maker, and most European car manufacturers for setting higher prices in Austria than in neighbouring countries.

If the chamber's action, which Mr

Stummvoll said was meant to serve as an example, is effective, the government too will be pleased. It is facing losses of Sch3m to Sch5m in value added tax revenue, a worrying sum in a year when it is struggling to restrain its deficit to Sch100m.

Both Mrs Ederer and Mr Stummvoll argued that the disenchantment with EU membership was unjustified. While prices had not come down as quickly as hoped, inflation had decelerated significantly in the first few months of this year and employment and inward investment had both risen sharply.

Mrs Ederer was confident that the marriage with the EU would work out after all. "The love will return once we settle in," she said.



Guido Westerwelle, general secretary of Germany's Free Democratic party, gives a victory sign behind the candidates to succeed Klaus Kinkel as leader, Wolfgang Gerhardt (left) and Jürgen Möllemann. A delay in electing the new leader reflected deep divisions within the ailing party

## FDP POSTPONES VOTE FOR LEADER

By Judy Dempsey in Mainz

Germany's liberal Free Democrats (FDP), the junior partner in Chancellor Helmut Kohl's governing coalition, yesterday postponed until today the election of a new leader, in an attempt to unite the party before the crucial contest.

The 860 delegates at a special congress in Mainz must choose a replacement for Mr Klaus Kinkel, the foreign minister, who resigned as party leader last month.

He had been held partly responsible for the party's defeat in 11 state elections and its relegation in last October's federal elections to fourth place in the Bundestag, the parliamentary lower house, after the Greens.

The decision to postpone the election, originally scheduled to be held last night, reflected deep divisions within the party which finally surfaced during yesterday's debates. "We wanted to give more time for discussion, to ventilate the different views," an FDP spokesman said. He added that, after the postponement, he was confident Mr Wolfgang Gerhardt, head of the liberals in the state of Hesse, would defeat Mr Jürgen Möllemann, the former economics minister, in the leadership contest.

But debates were not only preoccupied with which candidate could stem the party's decline. They reflected a sense of uncertainty about what kind of strategy the party should adopt if it wanted to remain the kingmaker in German politics.

His Sabine Leutheusser-Schnarrenberger, the justice minister and one of the FDP federal MPs to have stood up to Mr Kohl in the government coalition, said the party must not be tempted to abandon its liberal principles, despite the fact that the Greens had co-opted many of those values.

## Croatian threat of new war against Serbs

By James Biltz in Ljengollen and Laura Silber in Belgrade

The prospect of another full-scale war in Croatia loomed yesterday while Britain and France prepared their last-ditch effort to bring stability to neighbouring Bosnia through a combination of negotiation and reinforcements.

Mr John Major, the UK prime minister, confirmed that Britain's 5,000-strong air mobile brigade would leave for Bosnia in a few days, bringing the total UK presence in the war zone to 10,000.

Speaking at the annual conference of his Conservative party in Wales, Mr Major defended the extra deployment by comparing the current situation in Europe to the run-up to both world wars. "In the years before 1914, and again in the 1930s, Britain paid a heavy price for the mistaken view that events hundreds of miles away had no importance for us," he said. "By the time we learned that we could not turn our back on the fate of fellow Europeans, it was too late."

The UK brigade, which will leave as soon as the UN agrees to increase the size of its mission in Bosnia from the current level of 23,000, will form half of a new Anglo-French rapid-reaction force.

Western defence officials have made clear the enlarged UN mission - humiliated by the Serbs' detention of scores of peacekeepers - will be forced to start withdrawing from Bosnia unless it can re-establish its credibility by the summer.

In Croatia, rebel Serb aircraft bombed Croat positions, and President Franjo Tudjman threatened to recover control of all Serb-controlled areas of his republic by force.

He said that unless there was a political agreement by autumn, he would launch a military campaign to recover the occupied areas of Croatia, where rebels have proclaimed a breakaway "Republic of the Serbian Krajina" (RSK).

Croatia wrested a small pocket of land from Serb rebels a month ago. However, the other RSK areas are heavily defended, and an all-out war for their control could lead to the biggest Serb-Croat fighting since 1991.

Croat forces advancing on the rebel Serbs' mountain stronghold of Knin were strafed yesterday by two RSK aircraft, based at the airfield of Udbina, which Nato attempted to knock out with a massive bombing raid last autumn.

The upsurge of fighting was an alarming development for Serbian President Slobodan Milosevic, who fears losing control of his kinsmen and former protégés in both Croatia and Bosnia.

The isolation of the Croatian Serbs, who are still holding 145 peacekeepers hostage, was partly broken yesterday after the UN announced an agreement with them under which aid convoys will be allowed into Sarajevo. Bosnian Serb leaders also allowed a small convoy of supplies to reach Ukrainian peacekeepers in Zepa, one of three Muslim enclaves in eastern Bosnia.

## Talented ex-PM takes on 'mission impossible'

Carl Bildt will bring a fresh approach to the search for peace in Bosnia, writes Hugh Carnegie

Mr Carl Bildt's clearest public comment so far on his new task as the European Union's mediator in former Yugoslavia came, typically of a man rarely parted from his portable computer, in his weekly open electronic letter on the Internet.

The energetic former Swedish prime minister acknowledged that the job, which Lord Owen is to leave at the end of this month after three years of fruitless peace-brokering, could easily be seen as a hopeless task to be quickly refused.

But he wrote that anyone with a deep commitment to peace in Europe could hardly say no to a sudden request to take on "perhaps the most important and most difficult of all missions in that long-term and so important struggle".

Acutely aware of the failures of western policy in Yugoslavia, Mr Bildt will be sober about the prospects facing him. But it is also clear that he does not intend to play a passive role.

In visits to London and Paris this week, in a stream of telephone calls and, no doubt, in electronic exchanges via his modem, he has been very careful to thrash out with EU leaders the terms of reference for his new post, which was confirmed last night.

He is a politician with a long record of engagement in foreign affairs, especially in European security issues, and an impressive network of close contacts among both western and eastern European leaders. He will want to help set the agenda rather than simply fol-

low one set for him by others. Mr Bildt's own record on Yugoslavia and the war in Bosnia does not suggest any desire to introduce a dramatic change in policy on his part. As prime minister from 1991 to late last year, he presided over the build-up of a 1,000-strong Swedish contingent in the UN forces and the acceptance by Sweden of a stream of refugees, mainly

from it. "One of the cornerstones of success of his mission is to have a unified approach from Moscow to Washington," said one Bildt adviser.

Although not yet 46 years old, Mr Bildt has extensive links with senior world leaders. As a fellow conservative (he leads Sweden's conservative Moderate party), he has a natural affinity with the present leaders of Germany, France and Britain - helped by his fluency in German and English and his good French. He is on particularly close terms with Mr Helmut Kohl, the German chancellor.

He is also on good terms with Mr Andrei Kozyrev, the Russian foreign minister. Mr Bildt has much experience of dealing with Moscow, playing a leading role in supporting the independence of the Baltic states and helping them fend off Russian pressure over troop withdrawals. These links may prove an invaluable asset. He is taking as his chief assistant Mr Björn Lyrval, head of the Russian desk in the Swedish Foreign Ministry.

Back home, the Swedish Social Democratic government, for whom Mr Bildt is customarily the arch political enemy, has fully supported his assuming the mediator's position. It genuinely regards the request for his services as a credit for a nation that is currently lacking self-confidence following a long series of economic problems.

The Social Democrats, slipping in the opinion polls, may also welcome the removal from the domestic scene of an effective political opponent.



Bildt: energetic

Muslims from Bosnia.

But he resisted any attempt to shift Sweden on to an overtly partial footing against the Serbs, warning that the resort to force by outsiders would simply escalate the war.

Where Mr Bildt is likely to try to make a difference is in providing a fresh approach and in better co-ordinating and sharpening the EU's policy. He intends to improve policy links with the US and, crucially, with Russia. He could thus either re-energise the five-nation "contact group" on Yugoslavia, or take the initiative

## Denmark offers telecoms rights

By Hilary Barnes in Copenhagen

The Danish government yesterday said newcomers to its telecommunications market would have the same "rights of way" to establish infrastructure, including cables, as Tele Danmark, the partly privatised, state-controlled operator that dominates the market.

Announcing the next stage of deregulation, designed to ensure "real competition", the Ministry of Research said such newcomers would be allowed to use areas parallel to railways and motorways owned by public utility companies and at local level would be assured of the same rights as Tele Danmark to establish connections to end-users, including compulsory purchases.

All tele-sector companies will have to offer another company access to interconnection of their networks and services. Companies holding a dominant position would be required to offer other companies access to their networks.

Maximum price regulation

for charges to access to interconnection would be used to ensure new companies were given "fair and reasonable conditions" of competition, whether providing a general service or a niche service to special customers, it said.

The aim, said the ministry, was that by 2000 Denmark should enjoy the world's best and cheapest telecommunications service. Tele Danmark's share price fell by DKr7 to DKr310 yesterday.

The government hopes to avoid the situation which, officials claim, has arisen in such liberalised markets as Britain and Sweden, where the former monopoly suppliers, British Telecom and Telia, were so strong that real competition has failed to develop.

Sweden's Telia has already announced plans to capture a big slice of the Danish market as soon as deregulation allows it to take up the challenge while Tele Danmark, together with British Telecom and Norway's Tele Nor, announced plans this spring to challenge Telia's dominance in Sweden.

## TV referendum turns voters off

By Robert Graham in Rome

Campaigning for Italy's 12 referendums being held tomorrow ended last night amid public confusion and political acrimony.

The only certainty to emerge was the unprecedented cost and complexity of staging Italy's biggest exercise in popular consultation. The ministry of the interior has been obliged to print almost 700m voting slips, accommodating each referendum subject on different coloured sheets.

The sense of confusion was evident in the closing rallies staged by the various groups campaigning for and against the referendums. The referendum topics range from local electoral reform to anti-Mafia measures, union membership and a shake-up in the ownership of television. With such a vast array of issues, the political parties were unable to call for a consistent Yes or No vote on all 12 counts.

The three referendums directly affecting the future status of the three commercial television channels owned by Mr Silvio Berlusconi's Fininvest media empire absorbed the most attention to the last. Voters are being asked whether an individual should be allowed to retain three television channels and a virtual stranglehold over commercial advertising.

No one in the pro- or anti-

Berlusconi camps was willing yesterday to forecast the outcome in what promised to be a close battle. This stemmed from an apparent public indifference to the various debates. During the campaign, audience figures for the main television programmes discussing the referendums were unusually low.

A big programme staged on Canal 5, the flagship of Mr Berlusconi's three television channels, captured only 7 per cent of the national audience this week. A demonstration on Thursday in Rome by Fininvest employees protesting against the possibility of job losses if the referendum went against Mr Berlusconi drew little interest.

If this indifference is reflected in tomorrow's poll, Mr Berlusconi could well lose. His channels have won 45 per cent of the national audience, and his main hope is that he will attract voters who fear a No vote will remove their favourite programmes from Fininvest screens.

As the campaign ended, the threat of sanctions for political bias still hung over the Berlusconi channels. All week there was a battle to prevent a fine being imposed or the networks being blacked out for defying rulings by Italy's media watchdog commission. The penalties were staved off by a challenge lodged with a Milan regional court by Berlusconi supporters.

## Chirac hurries to digest heavy agenda

By David Buchanan and John Riddling in Paris

French President Jacques Chirac was doing more than indulging in *mealpolitik* last night when he hosted a Elysée dinner for his 14 fellow European leaders.

As the European Union's most recently elected leader as well as its current president, Mr Chirac was in a hurry to do two things.

First, to hold an instant get-to-know-you session with leaders whose capitals he has not had a chance to visit in his three weeks in office, and in a more informal style than his Elysée predecessor, François Mitterrand. Hence the deliberate lack of a formal agenda to last night's session, whose only decision was to confirm Mr Carl Bildt, the former Swedish prime minister, to succeed

Lord Owen as EU mediator in ex-Yugoslavia.

Second, to retrieve France's presidency of the EU in the nick of time. For Mr Chirac has less than a week before he has to represent Europe at next Wednesday's US-EU summit in Washington, before going on to the Group of Seven summit in Halifax, Nova Scotia; barely two weeks before he hosts the EU summit in Cannes; and less than a month before France passes the EU presidency on to Spain.

Ironically, Mr Chirac's first order of EU business yesterday was to hold a pre-dinner chat with Mr Felipe González, Spain's prime minister, to discuss that handover - before he has much to hand over.

It was inevitable that the presidential campaign would punch a big hole in France's six-month presidency. But

many new ministers, including Alain Juppé, the prime minister, are now also busy running for mayor of various cities in the municipal elections this weekend. The upshot is the only major achievement of France's EU chairmanship so far is the controversial accord on a customs union with Turkey.

Mr Chirac's other continuing distraction is, of course, Bosnia. He has already reacted to the United Nations hostage crisis by giving his ministers and military a smack of firm Gaullism and ordering a firmer response by French troops to any future Serb aggression. As a result of this crisis, he has already spoken several times by telephone with prime minister John Major, whom Le Monde yesterday dubbed Mr Chirac's "brother-in-arms" in Bosnia.

This, plus the fact that after other EU leaders leave Mr Major is to stay on for bilateral talks this morning at the Elysée, have stirred speculation here over the extent to which Franco-British collaboration in Bosnia might carry over into EU business.

Lord Howe, the former UK foreign secretary, certainly hopes so. Speaking at the French National Assembly on Thursday, Lord Howe appealed to France - and specifically to Mr Chirac whom he described as "the potential equal to Chancellor Kohl" - to prevent Germany foisting its "federalist" agenda on Europe at next year's inter-governmental conference.

At this stage it is most unlikely that Mr Chirac has any intention of playing such a role. Indeed he clearly signalled his desire for France to

move in step with Germany, and there seems little on his short-term agenda to prevent that. For example, in its push to get the EU to agree before Cannes on maintaining its level of development aid, Paris is now meeting more opposition from London than from Bonn.

If Mr Kohl confirms Lord Howe's federalist suspicions, next year could bring tensions across the Rhine. But for the moment it is best to judge Mr Chirac by his *mealpolitik* record. Less than 48 hours after his election, the new French president sped off to Strasbourg for a *diner-a-deux* with the German chancellor. Back in 1993 the two men managed to eat two dinners in one evening in Budapest. With only a *café-a-deux* this morning, Mr Major has some catching up to do.

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## INTERNATIONAL NEWS DIGEST

## Spain, Germany sign tank deal

Mr Julián García Vargas, Spanish defence minister, signed a memorandum of understanding at Nato headquarters in Brussels yesterday with his German counterpart, Mr Volker Rabe, covering the joint production of 200 tanks, with deliveries spread over five years from 1998.

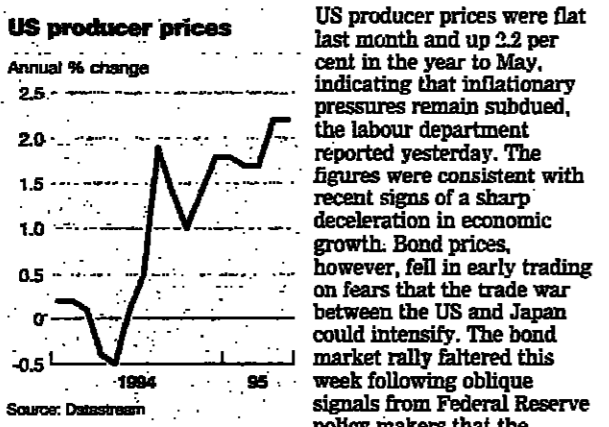
In the meantime, the German army will lease 108 Leopard 2 tanks to the Spanish army. These vehicles, due for delivery this year and next, are destined for Spanish mechanized units which have been assigned to the five-nation Eurocorps, made up of some 50,000 troops from France, Germany, Belgium, Luxembourg and Spain. Within the Eurocorps, the Leopard 2 is already in service in the German and Belgian armies. The Leopard 2 is made by the Bavarian-based company Krauss-Maffei, controlled by the Mannesmann group. The Spanish prime contractor under the co-production agreement, details of which have still to be finalised, will be the state-owned company Santa Bárbara. *David White, Madrid*

## Hanoi cuts vehicle parts imports

A surprise decision by Vietnam's ministry of trade to cut import quotas for vehicle parts threatens the survival of two foreign-invested assembly plants and casts doubt over the viability of proposed foreign vehicle ventures. Assembly lines at Vietnam Motor Corporation and Mekong Corporation face stoppages as a result of the move, which limits the number of completely-knocked-down kits for vehicles under 12 seats to only 2,000, far lower than the amount company officials say is needed to maintain orders.

The decision was apparently aimed at helping to build up a local parts industry, but industry experts say it appeared to reflect insufficient co-ordination between the ministry of trade, responsible for setting import quotas, and the ministry of heavy industry, which governs vehicle policy. Vietnam recently granted licences to Germany's Daimler-Benz and Suzuki and Daihatsu of Japan to manufacture cars and commercial vehicles. The three are likely to face difficulties in launching their projects as poor local parts availability will force them initially to rely on imported kits, now limited under the new ruling. *Hanoi Correspondent*

## US producer prices flat



On Wednesday Mr Alan Greenspan, Fed chairman, admitted the slowdown was "quite pronounced". But he said he did not expect a recession. Wall Street economists had expected producer prices for finished goods to rise by about 0.3 per cent following a 0.5 per cent gain in April. The flat reading last month largely reflected declines in the prices of food and energy. *Michael Proulx, Washington*

## Russia agrees nuclear upgrades

Russian nuclear energy officials and plant managers yesterday signed a series of urgently needed short-term safety agreements totalling \$247m (383m) with the European Bank for Reconstruction and Development. This is the first agreement with the Russian nuclear industry and the Federal Nuclear and Radiation Safety Authority (Gostomnadzor) within the framework of the Nuclear Safety Account, set up after the G7 summit in Munich in 1992 and administered by the EBRD.

The NSA has already agreed safety upgrades to the Kozloduzh plant in Bulgaria and Ignalina in Lithuania. The deal will provide \$247m for safety measures at the partially completed Leningrad nuclear power complex and improvements at two other plants at Kola and Novovorenzh. Engineering and design work will be undertaken by Russian companies but procurement of equipment will be by open tender from east European and Russian companies as well as from the 14 donor states. *Anthony Robinson*

## Japan will not join Iran embargo

Japan will not join the US in its embargo against Iran, the foreign ministry said yesterday. Mr Kensaku Hogen, director-general of the ministry's Middle Eastern and African affairs bureau, told Mr Rust Deming, minister-counsellor of the US embassy, that the Japanese government cannot easily restrict commercial activities between private companies and Iran. The decision reflects Japan's traditional reluctance to follow the US in imposing economic sanctions. While Japan participated in sanctions against Iran after the takeover of the US embassy there in 1979, it has tended to take the stance that countries should be encouraged to abandon internationally unacceptable behaviour through friendly discussion rather than coercion in the form of sanctions. Japan has, however, frozen a second package of yen loans to Iran in sympathy with the US position. *Michio Nakamoto, Tokyo*

## HK court agreement applauded

Britain's agreement with China on the establishment of Hong Kong's supreme court was yesterday applauded by the international community and local business groups. The agreement over the setting up of the Court of Final Appeal, which will replace Britain's Privy Council as the highest judicial body in Hong Kong, was welcomed as indicating that investors both in Hong Kong and overseas that the colony's legal framework would survive the transition to Chinese sovereignty in 1997. The American Consulate General said in a statement that the agreement, struck late on Thursday night, should send a positive signal to the people of Hong Kong and the international community. "It is a step forward in assuring the continuity of the rule of law so important to Hong Kong." Local political reaction was mixed, with the pro-democracy Democratic party vowing to fight it. The legal profession's response was muted with the Bar Council saying it was "less than satisfactory", and the Law Society that it was too early to pass judgment. *Simon Holberton and Louise Lucas, Hong Kong*

## Ontario votes in Conservatives

Ontario, with one-third of Canada's population and most of its manufacturing industry, have voted the Conservatives back to office after a 10-year absence. Premier-elect Mr Michael Harris, promised tax cuts, smaller government and a reversal of pro-liberal legislation. The Conservatives won Thursday's election decisively with 82 of the provincial legislature's 130 seats and 45 per cent of the popular vote. Mr Harris overtook the Liberals late in the campaign and led the polls into the election. The Liberals took 31 per cent of the vote and the New Democrats 20 per cent. *Robert Gibbons, Montreal*

## Pilots' strike disrupts SAS

All but a handful of Scandinavian Airlines System (SAS) flights were cancelled yesterday, hitting some 55,000 passengers, as pilots walked out on a 24-hour strike over a pay dispute. Further one-day strikes are threatened for Monday and Wednesday. *Hugh Carnegie, Stockholm*

## Argentina warns on exploring for oil

By Jimmy Burns, Robert Corzine and Bruce Clark

Argentina yesterday threatened to take legal action against companies which sign oil exploration deals under a licensing round being planned unilaterally by the Falkland Islands government.

Mr Guido di Tella, foreign minister, said Argentina would resort to action if talks between London and Buenos Aires failed to produce a co-operative agreement for the joint exploration of the disputed waters around the islands.

"We will not accept any licences being granted unilaterally by the Falklands government or the UK. Either we are part of the licensing round or we go for the courts. Our lawyers will present companies with letters within 24 hours of a licensing agreement being signed."

He was speaking the day after the first detailed bilateral talks in London on oil exploration in disputed South Atlantic waters with Mr Douglas Hurd, the British foreign secretary.

The Falkland Islands government yesterday said it had taken legal advice to counter any Argentine move to use US courts or the International Court of Justice in the Hague to block companies from taking part in the licensing round. Mr Andrew Gurr, the government's chief executive, described the Argentine statement as "a threat and a tangible threat". But he suggested that Argentina was getting worried as the autumn start of the licensing round approached. "They're getting more concerned so they're shouting louder."

Mr Gurr said the licensing round would go ahead even without an agreement between the UK and Argentina. He will hold talks in London next week to finalise arrangements for the round.

Both the UK and Argentina are committed in principle to reaching a co-operative agreement on exploration around the Falklands. The UK Foreign Office said the talks were "progressing quite well" and "we both think it highly desirable to reach agreement during the summer".

But it said agreement in the talks was in no way a precondition for the start of licensing. The Falklanders were "perfectly entitled to proceed with licensing on their own, and if Argentina took legal action to thwart this, 'we would do what we can' to defend the islanders' case."

Buenos Aires rejects a UK offer for Argentine companies to participate in exploration in exchange for accepting that any oil found belongs to the UK. Argentina wants a share of any royalties or taxes and the establishment of a joint oil authority which would exclude the islanders.

This would be similar to those which have allowed joint oil exploration to take place in disputed waters between Australia and Indonesia and Thailand and Malaysia.

On the eve of Mr Christopher's arrival in Damascus for crucial talks with Syrian President Hafez Assad, official Syrian newspapers said there was a real chance for peace with Israel in the course of 1995.

"The peace process is currently passing through a turning point which might lead to a real breakthrough if Israel responds to the requirements of peace and implements accurately the framework understanding on security arrangements," said the official newspaper Al-Thawra.

Israeli officials said the tone of the government-owned media marked a new mood of optimism in Damascus and could signal the real determination of Syria to reach peace for the first time since talks began in 1991.

In Israel, cabinet ministers have in the past two weeks

## Japan's economy clings on to recovery

Quarterly survey confounds fears of a backward slide, reports Gerard Baker

Fears that Japan's economy is on the brink of a sharp slide into renewed recession have been exaggerated, according to an influential report published by the Bank of Japan yesterday. The central bank said the results of its quarterly "tankan" survey of business confidence suggested that the economy was still on a gradual recovery path, though the high yen cast a shadow over prospects for the immediate future.

The report surveys the views of more than 9,000 companies in the manufacturing and non-manufacturing sectors. It has proved a generally reliable coincident indicator of economic activity in the past and is given considerable weight by the bank in the formation of its monetary policy.

Yesterday's survey, conducted during May, showed business confidence continuing to improve, confounding fears of economists and markets that the current combination of a soaring yen and continuing financial instability had undermined the already anemic recovery.

The key index showed a further rise in the balance of companies reporting favourable as against unfavourable conditions. Though the figures for both manufacturers and non-manufacturers were still nega-

tive, indicating a majority reporting unfavourable circumstances, both registered an improvement on the figure in the last survey in February.

The balance for manufacturers improved for the fifth consecutive month, from -21 to -16, while that for non-manufacturers went from -39 to -27.

But the bank warned there were signs that future prospects had been clouded slightly by the high yen. Expectations of conditions among manufacturers showed no improvement over the next three months - the first time for three years that industry has not been expecting the climate to get better. Exporters forecast a decline in exports in the period, as a result of the high yen and fears of a slowdown in the US economy. That decline offset an expected recovery in domestic demand.

The bank said the results indicated the economy was still on a recovery path. Economists noted that the survey had been conducted in May, at a time when the yen was strong, yet the figures had still shown growing confidence.

But some analysts were more sceptical. "Current conditions do indeed seem brighter than expected, but the forecast for the next few months is not encouraging," says Mr Toshio Koyano, economist at DKB

## TANKAN SHORT-TERM ECONOMIC SURVEY OF ENTERPRISES IN JAPAN

	May	Aug	Nov	Feb	May	Sept
<b>BUSINESS OUTLOOK</b>						
Manufacturing	-50	-39	-29	-21	-16	-16
Non-Manufacturing	-42	-33	-30	-29	-27	-21
<b>LABOUR MARKET CONDITIONS (LARGE ENTERPRISES)</b>						
Manufacturing	36	33	32	30	31	28
Non-Manufacturing	15	16	16	16	16	14
<b>INVESTMENT PLANS**</b>						
Manufacturing		1993	1994	1995		
		-20.6	-13.3	8.1		
Non-Manufacturing		-8.2	-6.0	1.0		

\*Difference between companies reporting "favourable" and those reporting "unfavourable". \*\*Difference between companies reporting "expansion" and those reporting "contraction". Average percentages increase year on year. \*Source: Bank of Japan

Research Institute. The stock market appeared to share that somewhat gloomier view and the Nikkei index of 225 leading stocks dropped again, to a 30-month low.

The Japanese economy plunged into its longest and deepest recession since the second world war in 1932 and registered negative growth in 1993. Last year the economy improved slightly with overall expansion of just 0.6 per cent. But so far this year signals have been mixed. In spite of the Kobe earthquake in January, industrial production rose strongly in the first three months of the year, thanks to impressive growth in the coun-

try's leading export markets, which has more than offset the yen's surge.

But the main constraints on demand remain, as they have been throughout the last three years, investment and domestic consumption.

The survey suggests there may be faint signs of a recovery in investment after the long retrenchment by Japanese industry. In fiscal 1995 large companies plan to increase their capital spending for the first time in four years, albeit by a modest 3.2 per cent, helped partly by a small rise in profits. But expectations of weak domestic sales suggest companies are not counting on

an early recovery in consumption.

Labour market prospects remain bleak, with manufacturers reporting a deterioration in conditions for the first time in more than a year.

The survey revealed a widening gap between larger companies and smaller ones in most fields, with small businesses markedly more pessimistic about sales, profits and employment prospects than their larger counterparts, which have proved generally better at weathering the high yen by shifting production offshore.

The bank is markedly more upbeat than private forecasters about current monetary conditions. It dismissed fears about deflation, saying the survey found that the pace of decline in companies' output prices has decelerated. But there were indications from the report that deflation remains a source of concern, especially among smaller companies.

Output prices are still declining faster than input prices, a factor likely to squeeze wages and profits. And consumer prices are still falling. Though official figures show a decline of about 1 per cent year on year, most economists believe this understates the true pace of deflation, which could be as much as 5 per cent per year.

## Fugitive financier in Cuban detention

By Jurek Martin in Washington and Pascal Fletcher in Havana

US officials yesterday were preparing to fly to Havana to bring back Mr Robert Vesco, the fugitive financier under arrest in Cuba, where he has lived for more than 10 years.

No reason for his detention was immediately available in Washington and the government in Havana declined to comment.

But a willingness to return him to US justice, apparently conveyed in a message by Cuban authorities earlier this week, would be considered a notable diplomatic gesture to the US by President Fidel Castro's government.

An ulterior motive may be President Castro's wish to implicate Miami-based Cuban exiles, fiercely hostile to his regime, in the narcotics trade. Mr Vesco was indicted in 1989 by a federal grand jury on charges of smuggling cocaine into the US, for which Miami is the largest port of entry.

But the best-known outstanding case against Mr Vesco is the still pending 1972 civil suit by the Securities and Exchange Commission accusing him of looting \$24m from Investors Overseas Services. This was the Swiss-based mutual fund he had taken over in 1970 from Bernie Cornfeld, who died earlier this year, on a promise to restore its depleted finances.

Before fleeing to Costa Rica, Mr Vesco had tried to thwart the SEC investigation by illegally contributing \$200,000 to the re-election campaign of President Richard Nixon. Mr John Mitchell and Mr Maurice Stans, senior officers in the campaign and previously secretaries of the treasury and commerce, were charged, but later acquitted, of improperly intervening on Mr Vesco's behalf.

He was expelled from Costa Rica in 1978 and had to leave the Bahamas in 1981 following the failure of his Bahamas Commonwealth Bank.

In 1982 Mr Vesco was sighted in Nicaragua where US officials believe he deepened his ties with narcotics traders. Cuba never officially acknowledged his presence but he was photographed there in 1985 and may have moved to the island as early as 1982.

Mr Vesco is being held at the headquarters of Cuba's state security police at Villa Marista in Havana, a Cuban interior ministry employee said. A plain-clothes guard outside Vesco's luxury white-washed villa in Havana's elegant Atabey suburb, where many foreign diplomats and other foreign residents live, said: "He is under investigation."

The house was closed, shuttered and silent. The wire-mesh mosquito-screen over the front door had been crudely

taped shut. A mongrel dog, apparently a domestic pet, wandered around in the front drive.

The interior ministry guard assigned to watch over the house would not say exactly when Vesco had been arrested or what charges he faced. "Ask at Villa Marista," he said.

Mr Vesco's corpulent, bearded figure was well known to his Cuban neighbours in Atabey. All appeared to know that "El Americano", as they knew him, had been detained. A spokeswoman for the US interests section in Havana confirmed that the Cuban government had informed the US mission of Mr Vesco's detention.

## Syria sees hope for peace

By Julian Ozzanne in Jerusalem and Shahira Idriss in Cairo

Syria yesterday said the current Middle East visit of Mr Warren Christopher, US secretary of state, offered a real chance for a breakthrough in tortuous Israeli-Syrian peace talks.

The Syrian statement came as Israel and Egypt patched up a recent souring of relations during a summit in Cairo which Mr Christopher said marked a "new page". Part of the purpose behind yesterday's summit was to shore up the Egypt-Israel-US peace talks ahead of Israeli-Syrian negotiations.

On the eve of Mr Christopher's arrival in Damascus for crucial talks with Syrian Presi-

dent Hafez Assad, official Syrian newspapers said there was a real chance for peace with Israel in the course of 1995.

"The peace process is currently passing through a turning point which might lead to a real breakthrough if Israel responds to the requirements of peace and implements accurately the framework understanding on security arrangements," said the official newspaper Al-Thawra.

Israeli officials said the tone of the government-owned media marked a new mood of optimism in Damascus and could signal the real determination of Syria to reach peace for the first time since talks began in 1991.

In Israel, cabinet ministers have in the past two weeks

said the Labour-led government has calculated that a peace agreement with Syria will significantly boost the Labour party's fortunes at elections next November.

But even if both sides are more fully committed to peace negotiations than before, reaching agreement remains extremely difficult.

The presence of Lt Gen Hikmat Shihabi, Syrian chief-of-staff and a key member of Mr Assad's inner circle, at the Washington talks is widely viewed as a significant step forward, but Israeli officials believe real progress will not be possible without direct negotiations between Syrian and Israeli foreign ministers or between Mr Yitzhak Rabin, Israeli premier, and Mr Assad.

## Keating ignites republic debate

But some Australians fear a political hijack, writes Nikki Tait

When Mr Paul Keating, Australia's prime minister, finished delivering his blueprint for a republic to parliament on Wednesday night, visitors in the public galleries rose to their feet and applauded.

But while the debate over whether the country should cut its constitutional ties to the British monarchy has been enthusiastic, suspicions remain that politicians will eventually hijack the process for their own ends.

The prime minister has kept the message simple, hammering home the core contention that it is absurd for a nation with a strong national character to be represented by a foreigner.

"In proposing that our head of state should be an Australian, we are proposing nothing more than the obvious," he said on Wednesday. "It [the republican initiative] asserts nothing more than our unique identity. It expresses nothing more than what is required to make clear and unambiguous our independence and responsibility for our own affairs."

But no amount of plain talking can conceal the central difficulty - that while an increasing number of Australians support the proposition, they would also like to have some say in determining who the new Australian head of state would be.

The more say the electorate

was given, the more tightly defined the powers of the new president would have to be, if the current Westminster-style of government were not to be threatened. Thus, the more complex any change becomes.

The Keating government, hoping to keep the switch to a republic as simple as possible, has suggested that the new president would simply take over the existing powers of the governor-general, the British monarch's agent. But these powers, in theory, are extensive; in rare circumstances the governor-general can even dismiss a prime minister, and hence the government.

To guard against a maverick president exercising these powers while claiming a popular mandate, the Keating blueprint suggests that the head of state should be appointed by a two-thirds majority of both houses of parliament sitting together. A similar process could be used to unseat a president. The "average" Australian, however, would be denied any direct say in the process.

One of the more encouraging features of the debate has been the speed with which the public has picked up this issue.

Amid the hubbub, Mr John Howard, the opposition leader, has not fared well. Although an avowed monarchist in the past, he has not stated whether he would now like an Australia-



Paul Keating: proposing "nothing more than the obvious"

lian head of state - despite intense prime ministerial goading. Instead, he has clung to a derided notion of holding a "people's convention" in 1997, at which the constitution would be debated by selected Australians.

Perhaps the most valid point made by Mr Howard has been that attitudes towards an Australian republic are largely determined by age. Surveys conducted in schools this week have tended to find heavy republican support. Conversely, opinions polls show that opposition to a republic is strongest among those aged 50 and over.

But it is hard to imagine many republicans being disappointed by the week's events. Indeed, the general warmth with which the Keating speech was received immediately reawakened election speculation.

A federal election does not have to be called until next May. But a favourable economic outlook and a swell of debate which casts the government in a favourable light suggest a poll may be only months away.

The problem is that this would almost certainly provoke what most Australians fear - their future constitution becoming a political football.

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## NEWS: UK

# Member of European parliament denounces 'disloyalty' of colleagues in House of Commons

## Insults deepen Conservative split on EU

By Kevin Brown,  
Political Correspondent

The Conservative party's divisions on Europe widened markedly yesterday as a leading pro-European member of the European parliament launched a ferocious attack on the "outrageously disloyal" behaviour of rightwing Eurosceptics.

Mr Tom Spencer, chairman of the 18 Conservative members of the European parliament, said the party had been hijacked by Eurosceptic members of the House of Commons such as Mr Bill Cash and Mrs Teresa Gor-

man. He included in his criticism Lord Tebbit, the Thatcherite former chairman of the Conservative party.

Mr Spencer's deliberately aggressive remarks, in an interview with the Financial Times, coincide with a determined attempt by pro-Europeans across the political spectrum to recover lost ground. In a similarly robust outburst earlier this week, Mr Giles Radice, Labour chairman of the cross-party European Movement, described Eurosceptics of all parties as "xenophobic, nihilistic and fundamentally unpatriotic."

Mr Spencer, MEP for Surrey, said

there was "extreme annoyance in the broad acres of the party" about the "increasing arrogance" of Eurosceptic MPs who were "kicking the government in the shins."

He said the Eurosceptics had "an image of Dad's Army amateurism struggling against... a super state. [But] this is a well organised operation - a well organised conspiracy - and British decency is no longer a suitable antidote to it."

As part of the fight back against the Eurosceptics, Conservative MEPs are organising a conference in Nottingham next month, at which up to 600

party members from all 87 European parliament constituencies will be asked to endorse a series of pro-European resolutions.

The conference will hear rallying cries from prominent pro-European Tories such as Sir Leon Brittan, vice-president of the European Commission; Mrs Edwina Currie, a former health minister; and Mr Ray Whitney, chairman of the Positive European group of Tory MPs.

A key resolution will call for a more positive approach to the EU in the run-up to next year's intergovernmental conference, and deplore the damage

done by divisions among MPs to the party's prospects and the government's negotiating position in EU institutions.

However, the conference will seek to avoid embarrassing the prime minister on sensitive issues such as European monetary union by confining itself to supporting the government's decision to put off a decision until the next parliament. Pro-Europeans hope that the conference will prompt a surge of opposition to the Eurosceptics and encourage the party to fight the next general election on a more pro-European platform.

## Think-tank warns of loss of influence

By Kevin Brown,  
Political Correspondent

The case for UK participation in a European monetary union leading to a single currency has been given a boost in the report issued on Thursday by an influential committee headed by Lord Kingsdown, former governor of the Bank of England (the UK central bank).

The report was compiled by a group of politicians, economists and businessmen established by the Action Centre for Europe, a non-party think-tank. It says the UK would risk increasing marginalisation if it stood aside from monetary union.

It sets out evidence given to 14 inquiry sessions, including sceptical contributions from rightwing Conservative MPs such as Mr Norman Lamont, the former chancellor of the exchequer.

The report says the proposals for monetary union set out in the Maastricht treaty may be flawed, and a single currency could be destabilised by

member states unable or unwilling to abide by the required budgetary disciplines.

It also notes there is no precedent for a monetary union with a single currency being formed by sovereign states that would retain independent political, economic and fiscal systems. "Despite all precautions, monetary union will be something of a leap in the dark," it says.

"Even if the rules have been well prepared and the institutions properly designed, there can be no certainty in advance that it will work perfectly."

However, the report suggests repeatedly that the risks of remaining outside a monetary union established by a core group of member states are greater than those involved in taking part.

It concludes that the UK could look forward to lower inflation and interest rates inside a monetary union, because the system would inherit some of the Bundesbank's accumulated credibility. The report also suggests Lon-

### The Birmingham Post

#### Double take on single currency

Nobody can be certain what effect the creation of a single European currency would have on the British economy. All the assertions, warnings and forecasts to which we are being subjected amount to little more than prejudice or guesswork. But at least the debate appears to have moved on a little from the simplistic war between 'little Englanders' and 'continental Europeans' which has dogged it for so long.

The Prime Minister said yesterday that the whole debate could be academic because the day may never dawn when Britain must decide whether to join a single currency.

The criteria which countries must meet before a single currency is created are so strict and potentially ruinous that they may prove impossible to meet. If plans for a single currency were to fall at the first hurdle, that would be the best possible outcome for Britain and Europe.

The single currency and the conclusions of the committee headed by Lord Kingsdown received a chilly welcome yesterday

don would remain Europe's leading financial centre within a monetary union, but might face a threat to its pre-eminence if the UK stayed aloof.

In a section on the political implications of a divided European Union, the report says it is "certain" that opting out of monetary union would lead to a loss of British influence on EU monetary policy.

"In the short term, it is already likely that the Ger-

mans and French will pay less attention to our views on the preparations for economic and monetary union if they assume that we intend to opt out," it says.

However, the report concludes "there is a growing question in the air" over German willingness to proceed with EMU unless monetary union is buttressed by further political integration of the EU.

It says those member states which decide to go ahead "will

have taken a fundamental step towards a closer union", and warns that the key question facing the UK will be whether it wishes to "get closer" to its main economic and political partners or separate itself from them.

The report notes the assertion by Mr Kenneth Clarke, chancellor of the exchequer, that monetary union need not be a step on the path to a federal union, and reports that no witnesses challenged the propo-

sition that parliament's tax-raising powers would be unaffected. It also rejects Mr Lamont's view that monetary union will lead to "a European government and a European state" on the grounds that other EU member states would not accept such an outcome. However, the report concedes that monetary union "cannot fail" to have political consequences through vastly increased economic interdependence.

### Daily Mail

#### COMMENT

Once again, there was a soothing suggestion that a single currency would not really dilute our sovereignty. Parliament's right to tax and spend would not be ended. But this time, an element of the truth was allowed to creep in. Monetary Union must involve a large increase in economic integration such that it cannot fail to have political consequences.

For the first time, albeit grudgingly, pro-Europeans give the game away. Any economist worth his salt knows that the control of exchange rates, interest rates and therefore inflation is central to economic management. Yet that is the control which advocates of a single currency propose to give away to a German-dominated Euro Bank.

### THE SUN SAYS

#### Norse code

THERE are a lot of myths about the European single currency.

One is that if we don't chuck away the Pound and switch to Eurodollar we'll be left behind as the Germans, French and a few others board a gravy train to the Promised Land.

That is claptrap. Just look at Norway, where the good citizens had the courage to vote against even joining the EU, never mind ditching their currency.

Norway today is booming. More jobs, more investment, lower inflation. Who needs Europe?

Yesterday's Kingsdown report, which urged Britain to gallop towards a single currency, would be a recipe for disaster if anyone such as Labour - was fast enough to follow its advice.

Luckily, John Major's no fool. He appreciates the dangers for Britain of a single currency. We must say "no way," like Norway.

## Former top regional executive arrested

Mr Roy Bichan, former deputy chairman of the Welsh Development Agency, was arrested and charged yesterday in connection with the affairs of Butte Mining, which has been the subject of a three-year investigation by the Serious Fraud Office, our Resources Staff writes.

He later appeared at a City of London court with two others previously charged in the Butte affair. They were Mr Clive Smith, the Midlands entrepreneur linked to the flotation of several natural resource companies in the 1980s, and Mr Malcolm Clews, who headed the Robertson Research group's minerals consultancy business that once advised Butte, a UK-quoted gold mining company which had operations in Montana.

The three were charged with two counts of conspiracy to defraud investors who bought Butte shares at its flotation in 1987 and those who dealt at the time of an acquisition in 1988. All three were remanded on unconditional bail.

Mr Bichan, 54, a geologist by training, was chairman of the Robertson group, a public company that was acquired for £23m by Simon Engineering in 1991. He was non-executive chairman of Butte between September 1987 and December 1988. His lawyer said he would contest the charges "vigorously".

## 'Black economy' believed to exceed \$100bn

By Robert Chote,  
Economics Correspondent

Britain's black economy is thought to have generated about \$66bn (\$104bn) last year, with the poorest 20 per cent of the population financing about a third of their spending from income which they had not declared to the taxman.

People in the UK made an average of £1,140 each from activities disguised from the tax authorities in 1994, according to an analysis of official statistics by Taylor Nelson A&B, the country's largest market research company.

The study measured the black economy by assessing how far people's saving and spending fell short of the incomes they declared.

The proceeds of the black economy would provide the exchequer with an extra £24bn

of revenue if they were taxed at the same rate as the rest of the economy. This would be enough to cut the basic rate of income tax by more than £0.10, more than reversing the tax increases imposed in the last two years. However, not all the activities yielding this income would be profitable enough to carry out if they were taxed.

"It is interesting to note that in absolute terms the very wealthy and extremely poor households (many of which are retired singletons) show the least propensity to be involved in black economy earnings. Their needs and other opportunities are less overt," the Taylor Nelson report argued.

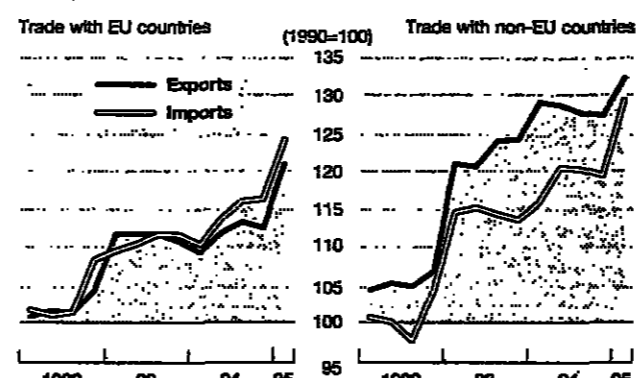
But poor households usually rely more on black economy earnings than rich ones. The poorest fifth of the population made \$9bn from black econ-

omy earnings last year, which was equivalent to 33 per cent of their spending and saving. The wealthiest fifth made £11bn, but this was equivalent to just 5 per cent of their spending and saving. On average UK households funded an eighth of their spending and saving from work in the black economy.

The report's estimate of the total value of the black economy is relatively large compared to other studies. Recent work by the Inland Revenue and Institute for Fiscal Studies suggested a figure of between \$40bn and \$55bn, or 6 per cent to 8 per cent of gross domestic product.

But the report argues that the UK's black economy is similar as a proportion of total national spending to other European countries.

### Prices jump on currency turmoil



Prices of British exports to mainland Europe grew 3 per cent in the three months to March compared with the previous three months, while export prices outside the European Union rose 4.1 per cent. This rate of price growth is particularly striking, not least because it follows several months of subdued increases. The main factor in the surge has been currency turmoil.

## Firm ends resistance to Maxwell audit probe

By Jim Kelly,  
Accountancy Correspondent

### Coopers & Lybrand

Coopers & Lybrand, the biggest UK accountancy firm, yesterday abandoned its long fight to postpone an investigation of its role in auditing the Maxwell Group pension funds. The move marks a victory for the accountancy profession's own inquiry unit - the Joint Disciplinary Scheme - which last year suffered a setback when it was temporarily barred from an investigation into Price Waterhouse, Accountancy and government regulators feared that a further rebuff for the scheme might mean that they

too could be prevented from taking swift action in cases where civil or criminal legal action was pending.

The appeal is also seen as highly significant by the profession in establishing the authority of the JDS at a time when the future of self-regulation within the sector is the subject of a radical review. Several other accountancy firms are tracking the case because they are likely to face investigation by the JDS in cases unrelated to Maxwell.

Coopers appeared in February this year in an effort to stall the investigation until civil and criminal court actions involving the Maxwell case have been through the courts. It argued that an inquiry by the regulator could

be prejudicial to the court cases. It is understood that Coopers has dropped its appeal because the wide-ranging settlement recently agreed with the Maxwell pensioners, to which it contributed up to £50m (£78.5m) had removed much of the overlap between the investigation and civil litigation.

Coopers also argued that an investigation which found against it could have catastrophic consequences because the JDS has wide-ranging powers of penalty - which it has recently used in disciplining accountants involved in the auditing of Barlow Clowes.

In December last year the High Court dismissed Coopers' attempt to stop the investigation by the JDS. The judgment

stated that "the question should be addressed promptly, and its resolution should not be delayed and be dependent on the final resolution of civil proceedings, which may be some years off."

Last April Price Waterhouse was successful in getting the High Court in London to postpone a JDS inquiry into its audit of Bank of Credit and Commerce International. That ruling meant the JDS inquiry would have to wait until criminal and civil actions involving BCCI were at an end - which is unlikely before the year 2000.

The High Court judgment relating to Coopers specifically pointed out that its case should not be compared to that of Price Waterhouse - which was on a much larger scale.

Police and Customs officers have made their first big seizure of drugs being smuggled through the Channel tunnel between England and France. About 25,000 Ecstasy tablets were found hidden in the spare tyre of a Ford Granada which was stopped at the tunnel entrance in France. The car was heading for England from Belgium.

Police seize guns: Police in the port of Liverpool in north-west England arrested four men and seized nine guns and 400 rounds of ammunition in a drive against a series of street shootings. There have been 13 shootings in the city since May 1 when a gang leader was killed.

IBM and EDS are closing quickly on the position of leading supplier held by Fujitsu's ICL offshoot

## Consolidation accompanies growth in software

By Paul Taylor in London

Mergers and acquisitions in the computer software and services industry in North America and Europe are leading to greater concentration.

In the US the trend towards consolidation has been highlighted by Computer Associates' \$1.7bn proposed acquisition of Legent, the mainframe software vendor, and is one factor behind IBM's hostile \$3.3bn bid for Lotus Development, the desktop computer software group.

"There is a need to get bigger and to become a certain size to keep growth up," said Mr Victor Bista, UK managing director of Broadview Associates, the consultancy specialising in mergers and acquisitions

in the information technology industry.

According to Broadview, the total value of US software product and services mergers and acquisitions rose from \$2.5bn in 1992 to \$5bn in 1993 and \$9bn last year.

In Europe, the recently completed acquisition of ACT, the UK-based software group, by rival Misyms marked another step in the consolidation of the financial performance of the sector about to be published by Holway Research Associates.

The report, based on an analysis of the 1,250 companies, shows that the UK software and computer services market grew 14 per cent to £7.75bn last year, faster than the 11 per cent growth recorded in 1993.

It also shows that the top 10 suppliers to the UK market increased their revenues 24 per cent and now account for a

third of total UK software and computer services revenues, while the top 40 represent over 70 per cent. "There is no doubt that the consolidation trend will continue," says Mr Richard Holway, author of the report. "The big are getting bigger and bigger."

According to the Holway figures, ICL, the computer and computer services group majority-owned by Fujitsu of Japan, kept top place with software and computer services revenues of £555m last year, up 10 per cent. But its two main rivals, IBM and EDS, both of the US, are catching up fast.

IBM had a 45 per cent increase in computer software and services revenues in the UK last year to £365m, while EDS, which is to acquire AT

Kearney, the international management consultancy business, reported a 24 per cent increase to £310m.

Mr Holway identifies the switch from in-house spending to outsourcing as being the single main reason for this high growth. The combined applications management and facilities management markets grew by an unprecedented 37 per cent last year.

EDS, which has won several large public and private sector outsourcing contracts in the UK, dislodged Hoskyns, part of the French quoted Cap Gemini Sogefi group, as the largest outsourcing provider in 1994. This year EDS is expected to at least double its outsourcing revenues while Computer Sciences, which earlier this week signed a £500m ten-year

deal with Lucas, has also been growing its revenues quickly.

The UK also had by far the fastest software and computer services revenue growth in Europe, even though none of the 20 largest suppliers in Europe are UK-owned. The largest UK-owned company is the merged Misyms/ACT.

The Holway figures show that pre-tax profits in the UK software and computer services industry continued to recover strongly last year, growing by 32 per cent. But again companies quoted on the London Stock Exchange performed less well than private companies or the UK-based subsidiaries of multinationals.

Profits at non-quoted companies increased by 44 per cent. An unprecedented 64 per

cent of the companies tracked improved their financial performance last year and the lowest proportion on record - 15 per cent - reported losses. But Mr Holway notes: "An alarming 39 per of all the

companies in our database failed the liquidity test - their current liabilities exceed current assets." That includes Enterprise Computers, which called in the receivers last month.

### UK NEWS DIGEST

## Former top man at Warner Bros backs cinemas

Mr Steve Wiener, the former chief executive of Warner Bros Theatres, intends to launch a chain of multi-screen cinemas in the UK with an investment of up to \$40m (\$62m). Mr Wiener and his company Cine UK was set up with the backing of Botts and Co, the boutique investment bank interested in bidding for the MGM cinema circuit. Lord Chandos at Botts said yesterday that as the price of the MGM cinema deal rose the group decided to build its own cinemas.

Botts, J.P. Morgan and the Rothschilds investment trust have put up an initial £15m, but at least \$40m is likely to be available if planning permission is obtained for the right sites. The company is considering an initial 14 cinemas with between 10 and 12 screens each. In most areas the new cinemas will be part of a leisure and retail complex. Legal negotiations have already begun on a number of sites, and the first could open at the end of next year. Cine UK intends to launch in mainland Europe as soon as the UK chain is properly established. Raymond Snoddy, Consumer Industries Staff

### Taxman dons bowler hat again

For years the Inland Revenue has tried to get away from the image of the taxman as a pinstriped, bowler-hatted, white, middle-aged male. But the Revenue has admitted defeat by using the stereotype to introduce self-assessment in its biggest advertising campaign. A cartoon taxman with a bowler hat and striped trousers and the voice of the actor Sir Alec Guinness is spearheading the £35m (£44m) three-year campaign aimed at enabling about 9m taxpayers to understand what will be expected of them in the switch to self-assessment taxation in April 1997. Mr Mike Davis, managing director of the advertising agency behind the campaign, Leagas Shafroth Davis Ayer, said other images had been tested, but had been rejected by the public. "The taxman is everyone's symbol of the Inland Revenue, so who could be more natural as a spokesman for this major change," he admitted. The Revenue workforce is mostly female, multiracial and, on average, 30-something, but like the public do not take every image they see on TV at face value. Diane Summers, Marketing Correspondent

### Court blocks coal disruption

R.J.B. Mining, the company which acquired the state-owned British Coal's mines in England, was granted a High Court injunction to prevent 4,000 miners launching a series of one-day strikes over pay. The NUM mining union, which had set strikes for next Tuesday and Friday, said the law had been "stood on its head" and mounted an immediate appeal. Andrew Bolger, Employment Correspondent

### Barclays workers to strike again

Workers at Barclays Bank are to stage a second one-day strike in protest at an imposed 2.75 per cent pay rise. However, Rifu, the banking union, and Unifi, the staff union, have chosen different dates for disruption. Barclays has refused to reopen wage talks, saying workers are being paid bonuses as well as the basic rise of 2.75 per cent. Barclays said it was "sad" that another strike had been called but repeated it had no intention of reopening pay talks. Lisa Wood, Employment Staff

### Domestic flights increase

The number of passengers flying between the largest British airports and north America was up 12.7 per cent last month compared with May last year. Other long-haul routes were up 11.7 per cent, but charter services rose only 3.7 per cent and mainland European routes went up 2.8 per cent. The figures were issued by BAA, owner of the seven biggest British airports. Domestic passenger numbers were up 10.2 per cent last month. London Heathrow had 6.6 per cent more passengers than in May last year and London Gatwick 8 per cent more. PA News

### Correction: truck market

A data transmission error led to under-reporting of heavy commercial vehicle registrations in the commercial vehicle registrations table on Wednesday. The amended statistics are:

Vehicle	Volume	Share (%)	Share (%)
(thousands)	(thousands)	Jan-Mar 95	Jan-Mar 94
Total	14,881	51.5	50.8
Scania (Volvo)	2,497	16.8	17.5
Leyland DAF (DAF Trucks)	2,459	16.5	17.5
Volvo	2,415	16.2	17.2
Isuzu group (Fiat)	1,746	11.8	12.4
Mercedes-Benz (Daimler-Benz)	1,722	11.6	12.4
EFF	1,365	9.2	10.1
MAN	638	4.3	4.5
Renault	506	3.4	3.6

(figures in brackets indicate ownership)  
Includes heavy fuel and tractor units and trailers and bodywork

First drugs haul: Police and Customs officers have made their first big seizure of drugs being smuggled through the Channel tunnel between England and France. About 25,000 Ecstasy tablets were found hidden in the spare tyre of a Ford Granada which was stopped at the tunnel entrance in France. The car was heading for England from Belgium.

Police seize guns: Police in the port of Liverpool in north-west England arrested four men and seized nine guns and 400 rounds of ammunition in a drive against a series of street shootings. There have been 13 shootings in the city since May 1 when a gang leader was killed.

### Software and computing services

Rank	Company	1991	1992	1993	1994	Growth
		£m	£m	£m	£m	%
1	ICL UK CSI Revenues	250	320	415	465	18.5
2	IBM UK CSI Revenues	170	208	255	285	16.5
3	EDS UK	232	255	250	245	5.0
4	Anderson Consulting UK	122	215	247	275	11.5
5	Santa Group	145	172	212	225	10.5
6	Microsoft UK	87	100	150	155	15.5
7	Hoskyns	165	173	183	197	8.5
8	ACT Group	91	106	127	130	10.5
9	Synagra	160	172	188	179	5.5
10	AT&T Intel - Business Unit	150	150	130	120	9.5
11	Oracle UK	91	106	144	155	15.5
12	Logica	101	106	110	105	3.5
13	Digital UK CSI Revenues	79	102	110	101	19.5
14	McDowell Info. Systems	130	118	112	118	5.5
15	Essams	46	58	48	51	10.5
Average Increase (%)			14.9	13.6	21.0	

Suppliers with UK CSI Revenues greater than £100m in 1994

cent of the companies tracked improved their financial performance last year and the lowest proportion on record - 15 per cent - reported losses. But Mr Holway notes: "An alarming 39 per of all the

## Water group becomes fifth utility to cheer customers and investors

## Welsh gives rebate and pay-out

By Motoko Rich

Shares in Welsh Water rose 15p to 650p yesterday as it became the fifth utility to promise special pay-outs to shareholders and customers.

The group unveiled its programme despite a 16.5 per cent fall in pre-tax profits in the year to March 31.

For shareholders, it launched a share capital restructuring package and a special 6p per share dividend. The total dividend rose 33.5 per cent to 33.5p (35.4p), which it said would be the base for future growth.

Shareholders would also be issued nine redeemable preference shares of £1 each for each holding of 10 ordinary shares, and receive five new ordinary shares for each holding of six existing shares. The share con-

solidation accounted for part of the rise in the dividend.

For customers, the group said it would distribute £40m over four years, comprised of a 25p rebate per customer per year.

In addition to the customer rebates, it said it would invest £35m on environmental improvements. Mr Iain Evans, chairman, said this discretionary capital expenditure would most likely be spent on coastal sewage works, but would be determined after customer consultation. He said the spending programme would result in a £15m benefit to customers.

Shareholder and customer packages are worth about £55m each.

Pre-tax profits declined from £144.2m to £120.4m as the company reported £1.8m losses at Acer, its motorway design business.

Turnover rose 1.9 per cent to £521.9m from £512.1m. The pre-tax line was hit by exceptional charges of £28.5m. The figure included £17m for the restructuring of the regulated business to cover the cost of voluntary redundancies, and £11.5m for the reorganisation of Acer. Earnings per share fell to 69.6p (88.2p).

## COMMENT

Welsh Water says its package to return value to shareholders and customers is the most creative among utility companies which have announced such



Iain Evans: environmental improvements might be on coastal sewage works, but would be decided after asking customers

programmes thus far. In the short term, it is certainly more tax efficient, because the company will not pay advance corporation tax on preference shares. But in the long term, preference dividends are paid after tax, which does not provide tax benefits. In addition, the package is unlikely to deflect political or regulatory concerns. The company may believe preference shares are less contentious because it does not appear to be handing cash back to shareholders. But at the end of the day, they are

replacing equity with debt - the same thing that happens with a bonus dividend or a share buy-back. The share consolidation also means that the rise in Welsh's dividend is not as generous as it seems. Meanwhile, the results were in line with expectations, though second-half losses at Acer did not grow as fast as they did in the first half. On a pre-tax forecast of £151m, that gives a yield of about 6.7 per cent. The shares, which reacted favourably to the share restructuring package, are fair value.

## Analysts upgrade Tesco forecasts

By Neil Buckley

Analysts yesterday upgraded profits forecasts for Tesco, the food retailer, after it announced total sales were running 16 per cent higher than last year, with like-for-like sales, which exclude new stores, 7 per cent higher.

Sir Ian MacLaurin, chairman, told the annual meeting - which included sharp questioning about his pay increase to more than £1m last year - that the sales growth reported at the annual results in April had continued during the past nine weeks. The growth was credited partly to Clubcard, Tesco's national loyalty card scheme begun in February.

Gross margins were running at about 0.1 percentage points lower than last year, but the company expected gross margins for the full year to be "the same or a little lower" than last year. Analysts upgraded annual pre-tax profit forecasts from about £665m to between £675m and £680m.

Sir Ian faced a series of questions on his 27 per cent increase in total remuneration to £1,012,000, comprising a basic salary of £578,000, a short-term bonus of £200,000 and a long-term bonus of £134,000. The board was also questioned on its executive share option scheme, after Sir Ian netted £482,000 last year by exercising almost 800,000 options, and five other directors together realised more than £1m.

Sir Ian said Tesco had no plans to replace its executive share option scheme with a long-term incentive plan, as companies such as Boots, British Gas, Yorkshire Electricity and Guardian Royal Exchange have done recently. However, he said the company would consider any recommendations on share options emerging from the Greenbury committee on executive pay.

He insisted that salary levels were justified by the group's performance and the long-term value it had delivered to shareholders; Tesco was, however, reducing directors' rolling contracts from three years to two. ● Bentalls, the south of England department store group, told shareholders at its annual meeting yesterday that sales were running 4.2 per cent ahead of last year, despite a disappointing May. However, Mr Edward Beall, chairman, warned that consumer confidence remained weak.

Westminster Press, the regional newspaper chain owned by Pearson Group which also owns the Financial Times, is expected to announce further job cuts following a management shake-up, just days after a new chief executive took office, writes Motoko Rich.

Mr Stephen Hill, who took over as chief executive at the beginning of June, has decided to cut 40 jobs at Echo Newspapers in Basildon, on top of the 80 redundancies announced as a result of the closure last week of Yorkshire on Sunday, the region's first Sunday newspaper.

In addition, Mr Richard Woodbridge, editorial director, is leaving his post and it is understood he will be re-located within Pearson.

The group is believed to be contemplating further job cuts at other newspapers, including its titles in Bath, Oxford and York. It is also understood to be considering redundancies at its head office in London. Westminster Press employs 3,300 people.

Soundtracs halved Soundtracs, the audio equipment maker, yesterday reported a halving of profits on static turnover, prompting a 12½p fall in the shares to 53½p.

Turnover was £3.2m (£3.3m) in the six months to April 30, but pre-tax profits fell from £307,000 to £153,000. The

Trading profit was 10 per cent ahead at £2.41m (£2.66m), with the rest of the pre-tax improvement coming from lower interest charges as gearing was reduced from 30 per cent to 20 per cent. Turnover for the year to March 25 rose 6 per cent to £104.5m (£98.7m).

A final dividend of 5.7p gives a total of 8.25p (7.5p). Earnings per share rose 13 per cent to 28.4p (24.7p).

Mr Andrew Cook, chairman and chief executive, also announced the appointment of two non-executive directors - Mr Robert Pickford, a Sheffield solicitor, and Mr Ian Porter, a South Yorkshire industrialist - following the resignation of Mr Jeremy Hardie, recently named chairman of W.H. Smith.

Mr Roy Henson, a former executive director who ran Cook's Parkway plant, also joins the board. He retired because of a back injury in 1991, but has now recovered and is acting as Cook's production trouble-shooter.

Mr Cook said continuous investment was achieving long-term productivity improvement at Cook's seven factories in northern England and the Midlands.

Correction London Insurance London Insurance Market Investment Trust's estimate that it achieved at least a 7 per cent return on its 1994 underwriting capacity was made before taking account of the impact of the Lloyd's recovery plan, not after, as reported in yesterday's Financial Times.

## MAM has become a lucrative workplace

By Nicholas Denton

The status of Mercury Asset Management as one of the most lucrative workplaces in the fund management industry was underlined yesterday as it revealed it would have to pay £24.2m more in future bonuses to directors and employees.

Its future liability under the special performance related pay scheme increased from £44.2m to £68.4m, according to annual accounts published yesterday.

MAM, which is being demerged from the S.G. Warburg investment banking group, also revealed that one director received £522,000 in

the first pay-outs under the scheme's terms. The award was in addition to his basic salary and share of profits and took his total pay to £861,000.

MAM directors, as shareholders, also stand to benefit from a special dividend of £15m paid to all minority shareholders as part of the demerger of Warburg and the sale of its investment banking businesses to Swiss Bank Corporation.

Managers of MAM, which successfully opposed an earlier deal between Morgan Stanley and Warburg, had urged Warburg and SBC to treat MAM's minority shareholders generously.

MAM said the increase in the

bonus liability resulted from: an increase in the MAM share price; an expansion of the plan to include more employees; and a continuing build-up of the schemes set up in 1993. In the early years of a deferred pay scheme, a company builds up liabilities and only later makes payments to staff.

Meanwhile, Warburg and MAM issued the details of their divorce and SBC's acquisition. Warburg shareholders will get less cash and more MAM shares than expected, but the net effect is marginal.

Every Warburg share will entitle the owner to 0.559 MAM shares and 335p under the revised conditions.

## Protean up 40% and cash call to fund German deal

By David Blackwell

Protean, the laboratory equipment and water purification group, yesterday announced a 40 per cent rise in profits and a rights issue to fund a German acquisition.

The 1-for-4 rights issue at 197p, underwritten by Hill Samuel, will raise a net £14.8m. It will be used to buy Walther, a privately-owned maker and distributor of water purification equipment specialising in renal dialysis. The cash price is £12.5m.

Mr Peter Ryan, chairman, said the acquisition "will put us firmly into the German market, where we have wanted to be for a long time". The company would provide a good base from which to expand sales of the group's existing products.

The shares yesterday eased 4p to 230p.

Mr Geoff Spink, managing director, said Walther was the brand leader in renal dialysis in Germany. Its water purifica-

tion technology was similar to Protean's. "It's a classic Protean deal - a niche market specialist with a leading brand," he said.

Walther, based near Heidelberg, has net assets of about £3.5m. Last year it made DM4.97m (£2m) on turnover of DM22.9m.

Protean's pre-tax profits for the year to the end of March rose from £5.39m to £7.54m, while turnover increased from £42.2m to £52m. Jenway, the Essex-based bench-top monitoring and analysis equipment manufacturer bought for £4.15m last year, contributed £445,000 to profits and £2.47m to turnover.

Last year's acquisition left the group with borrowings of £3.4m at the end of the year, giving gearing of 31 per cent compared with zero gearing previously.

Earnings per share rose from 12.92p to 15.26p. A final dividend of 4.25p is proposed, taking the year's total to 5.6p from 4.75p.

## Shell to sell 27 Turkish oilfields

By Robert Corzine

Shell, the Anglo-Dutch oil group, yesterday put up for sale 27 producing oil fields in south east Turkey as part of a worldwide commercial reassessment of its oil and gas reserves.

The company said NV Turkise Shell, which operates the fields from its base in Diyarbakir, was "no longer of strategic interest" within the context of Shell's worldwide exploration and production activities. Current production is 13,400 barrels a day, compared with Shell's worldwide total of 2m.

The current review of upstream assets is intended to identify reserves in which there is little future potential. Earlier this year Shell announced the sale of some assets in Colombia as part of the exercise.

The company's extensive downstream operations in Turkey, including a share in the Mersin refinery and 630 service stations, will not be affected.

Shell intends to complete the Turkish sale by the end of the year.

## NEWS DIGEST

## Westminster Press job cuts

Westminster Press, the regional newspaper chain owned by Pearson Group which also owns the Financial Times, is expected to announce further job cuts following a management shake-up, just days after a new chief executive took office, writes Motoko Rich.

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Turnover was £3.2m (£3.3m) in the six months to April 30, but pre-tax profits fell from £307,000 to £153,000. The

interim dividend is maintained at 0.92p, payable from earnings of 1.01p (2.05p).

The company said oversupply during March and April in the US, UK and Japan caused excessive discounting by competitors, which hit sales and margins.

Simon deal off Simon Engineering has pulled out of talks with Montagu Private Equity for it to buy Simon Petroleum Technology following a move by MPE to renegotiate the price.

Select Belgian buy Select Appointments, the employment agency, has bought 51 per cent of Sicom, the Belgian agency, for £67.6m (£1.4m) cash.

It will buy the rest of the shares for up to £2m, depending on Sicom's profits during the next two years.

Gresham House falls Gresham House, the investment trust, saw an increase in its net asset deficiency from 74.1p to 87.4p per share in the year to December 31.

There was a deficit in attributable income of £29,000 (£1m profit due to an exceptional write-back). Losses per share were 0.7p, from earnings of 23.6p. Income was £140,000 (£115,000) and pre-tax losses were £24,000 (£98,000 profits).

The accounts for 1994 will contain a fundamental uncertainty paragraph and are likely to be qualified, as the 1993 accounts were.

Mr Alfred Stirling, chairman, said: "The recovery from the

abys of 1992 has been slower than expected but I now believe, progressively year by year, we shall recoup our losses." He would look at a share option scheme for directors and other staff.

Five Oaks venture Five Oaks Investments, the property company, and PDM have set up a joint venture to acquire leasehold interests in two office buildings for a total of £9.1m. The venture will be known as M3JV.

Five Oaks will own 25 per cent and PDM Second Property Partnership, for which PDM is acting as general partner, 75 per cent. Five Oaks' consideration of £2.375m will be satisfied in cash and shares.

Current rental income from the properties, based in Bracknell, Berkshire, and Basingstoke, Hampshire, is £1.2m. Both are offices scheduled to undergo refurbishment.

Five Oaks will receive at least 25 per cent of the net proceeds of M3JV, as well as an initial £50,000 a year in project management fees while the refurbishment is carried out. It will then receive a management fee of 1 per cent of the rent.

Somic ahead 21% Somic, the maker of yarns and woven fabrics, saw pre-tax profits rise by 21 per cent from £254,000 to £308,500 in the year to March 31.

Turnover rose from £4.1m to £4.14m. Earnings per share increased from 9.57p to 11.31p and a final of 1.75p (1.5p) is recommended, making a total of 3p (2.5p).

## Placing puts value of Oasis at about £75m

By David Blackwell

Oasis, the women's wear chain is coming to market next week with a placing expected to value it at about £75m.

The group, which a year ago delayed flotation plans because of the state of the market, will publish its pathfinder prospectus on Monday. It will be placing £25m worth of shares through Robert Fleming. Brokers are Société Générale Strauss Turnbull.

The shares are currently 60 per cent owned by the management, including Michael and Maurice Bennett, brothers who teamed up with designer Jeff Banks in the 1970s to create the Warehouse high street chain. The management is expected to sell about one-third of its stake.

The Bennetts bought Oasis from the receiver for £1.6m four years ago. In the year to January 31, it boosted pre-tax profits from £5.6m to £9.2m on turnover of £47.1m (£29.3m).

## Orbis picks up and makes acquisition

Orbis, the supplier of lighting and security products, is acquiring Galequest (Electronics) for £7.67m.

It also reported full-year pre-tax profits of £198,000, against a loss of £482,000 last time, having returned to the black at interim stage. Exceptional charges for losses on disposals were £200,000 (£396,000).

Galequest designs, installs and maintains closed circuit television, access control and perimeter protection systems. In the nine months to March 31 it had pre-tax profits of £867,000 on turnover of £4.17m.

Orbis will pay £5.67m in cash and shares and transfer gift-edged securities worth £2m to the vendors. It will also redeem the £700,000 existing loan stock to two of the directors.

The deal will be funded from existing bank facilities and the enlarged group's resources.

Orbis's turnover for the year to March 31 was £10m, up from £2.63m. A final dividend of 0.4p is recommended, for a total of 0.525p (0.5p), payable from earnings per share of 0.7p (11.4p losses).

## Nynex valued at £1.3bn with 137p flotation price

By Christopher Price

The flow of good news from the cable sector continued yesterday when Nynex CableComms, the UK's second biggest operator, announced the share price for its flotation within the forecast range.

The offer price of 137p values Nynex at £1.3bn. The shares began trading in London and on Nasdaq, the US exchange, at about 2.30pm London time and closed fractionally above the offer level.

There had been fears that the pricing would fall foul of recent investor unease over the cable sector. This has led to declining share prices among

existing listed operators and lowering of price expectations for those attempting a listing. Large investors have also complained of fatigue over the number of cable issues coming to the market, particularly in the US.

The biggest boost to Nynex came on Thursday when TeleWest, the largest UK cable group, merged with SBC CableComms in a move which is expected to be followed by further consolidation in the industry.

Besides underlining the strong hand which the bigger companies will have in any other mergers and takeovers, the deal also concentrated

investors' minds on the valuations of the companies, sector and market.

The combined TeleWest will have a market capitalisation of around £3.3bn, catapulting it into the FT-SE 100. The merger also removed another potential flotation contender which would have further diluted investment.

Net proceeds from the issue will amount to £383m. Last month, the group was forced to scale back its flotation to accommodate investor reticence about the UK cable communications sector. After the offering, Nynex Corporation, the US parent, will hold about 67 per cent.

## 'Resilient' core businesses help St James's to £18.7m

By Patrick Harverson

St James's Place Capital, the financial services group run by Lord Rothschild and Sir Mark Weinberg, yesterday reported a pre-tax profit of £18.7m for the year to March 31 and net assets per share of 88.7p.

Although this was well below the £79.2m profit and 86.3p of net assets reported a year earlier, the company said a comparison between the two periods was unsuitable. Results for the year to March 31 1994 had been boosted substantially by a one-off £26.5m gain on the disposal of a stake in RIT Capital Partners and unusually favourable market conditions.

Also, in the previous year SJPC had the benefit of an additional £135m of capital which was distributed to shareholders in the form of cash and shares in RIT Capital.

However, the company said the performance of its two core businesses, life assurance and investment management, had been "resilient" in the face of unsettled market conditions. Amid volatile financial markets, SJPC made a profit on its investment portfolio of £12.7m, against £36.8m last time.

In a year dominated by rising interest rates and currency volatility, the company said it had taken a conservative stance on its investments, focusing on the preservation of capital.

Investment management profits fell to £7.7m (£27.7m), while the life assurance business contributed £8.4m (£9.8m). New premium income rose £428.4m, an increase of 30 per cent. Expenses were down slightly to £10.1m.

A final dividend of 1.5p was proposed, making an unchanged total of 3p.

## Cleveland purchase and £5.1m placing

Cleveland Trust, the industrial and property investment group, is acquiring North Eastern Industrial Properties from Hunting Group and others for about £6.6m in cash.

In order to fund the purchase, Cleveland plans to raise about £5.1m net in a placing and 1-for-2 open offer of 6.28m new ordinary shares at 88p each.

The balance will be satisfied by bank borrowing.

NEIP, which invests in industrial property mainly in the north-east of England, had net assets of £6.6m at July 31 1994. Its portfolio of eight

industrial estates generates rental income of £1.6m a year. Cleveland also announced a 12 per cent increase in pre-tax profits for the year to March 31, its first full year as a listed company. On turnover of £22.2m (£20.6m) the pre-tax out come amounted to £772,000 (£687,000).

A proposed final dividend of 3.3p brings the total to 5.7p (2.5p), payable from earnings per share of 6.1p (3.5p).

Net asset value per share at the year-end stood at 101.5p (99.2p).

The placing is underwritten by UBS.

## BA chairman's bonus doubles

Sir Colin Marshall, chairman of British Airways, saw his performance-related bonus more than double from £82,000 to £150,000 last year after the carrier's profits - before provisions - rose 61 per cent.

His basic salary rose by a more modest 2.5 per cent to £487,000 which, together with other benefits and share appreciation rights, lifted his total package 15 per cent from £665,000 to £765,000.

The performance-related bonus of Mr Robert Ayling, group managing director, rose from £37,000 to £150,000. His total remuneration increased 33 per cent from £381,000 to £508,000.

## RESULTS

Company	Year	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Cleveland	Yr to Mar 31	2.22 (2.06)	0.772 (0.887)	8.1 (9.8)	3.3	-	2.3	5.7	2.3
Cohen (A)	Yr to Dec 31	78.1 (78.2)	1.77 (0.522)	63 (51.1)	7.5	Aug 11	n	7.5	n
Coak (William)	Yr to Mar 25	104.5 (98.7)	7.7 (6.71)	23.48 (20.73)	5.75	Oct 2	5	8.25	7.5
Dea Valley	Yr to Mar 31	11.5 (10.7)	4.464 (3.57)	24.9 (24.5)	7	July 25	7.0725	10.617	9.495
Fairfax	Yr to Dec 31	21.4 (11.8)	2.311 (6.99P)	12.111 (38.28)	0.4	Oct 2	0.5	0.925	0.5
Orbis	Yr to Mar 31	10 (2.63)	0.1989 (0.48A)	0.7 (11.4)	0.4	July 21	4	9.5	8.5
Osborne & Little	Yr to Mar 31	25.05 (20.95)	13.7 (11.5)	5.84 (5.04)	1.38	Oct 3	1.587	2.88	2.4
Park Food	Yr to Mar 31	17.1 (17.3)	7.54 (5.39)	15.26 (12.92)	4.25	July 26	3.7	5.6	4.75
Protean	Yr to Mar 31	64.5 (42.2)	7.54 (5.39)	11.31 (9.57)	1.75	Aug 11	1.5	3	2.5
Sonic	Yr to Mar 31	3.2 (3.3)	0.15 (0.3)	1.01 (2.05)	0.92	Sep 22	0.92	1.5	3
Soundtracs	6 months to Apr 30	-	-	1.5 (1.7)	1.5	July 14	1.5	3	3
St James's Place	Yr to Mar 31	521.9 (512.1)	120.4 (88.2)	69.6 (88.2)	24.6	Oct 2	16.95	33.9	25.4
Welsh Water	Yr to Mar 31	521.9 (512.1)	120.4 (88.2)	69.6 (88.2)	24.6	Oct 2	16.95	33.9	25.4

Investment Trusts NAV (p) 207 (180 □) 1.2 (0.85) 5.6 (5.1) 2.9 Aug 25 2.7 4.4 4.2

Dunelm Stores not. Figure in brackets are for corresponding period. ↑On increased capital. \*SUSM stock. \*Plus 4p special supplementary dividend. □Restated following exercise of warrants. \*After exceptional charge. \*Foreign income dividend.

The Financial Times plans to publish a Survey on

## Spain

## INTERNATIONAL COMPANIES AND FINANCE

## International Paper in bid to oust Holvis board

By Tim Burt in London

International Paper of the US yesterday announced plans to oust the board of Holvis, the Swiss paper distribution and non-woven textiles company, and pursue legal action over a rival bid by Britain's BBA Group.

IP, the world's largest paper company, said Holvis had "failed" its shareholders by accepting a \$1.46bn (\$37.84m) offer from BBA in Switzerland's first hostile takeover battle.

It also accused the directors of acting illegally by signing a separate deal to sell Fiberweb, its non-woven textiles subsidiary, to BBA even if a higher bid emerged for the whole company.

The US group - which saw its \$1.45bn bid for Holvis trumped by BBA's \$1.9bn offer - said it was "deeply disappointed" that Holvis had not accepted its bid.

Mr Turk, who has already secured a temporary injunction preventing Holvis's directors from selling 67,000 unissued treasury shares to BBA, said IP was confident of winning a further ruling that could force the UK group to extend its offer.

The move prompted a cool response from BBA, which yesterday wrote to Holvis shareholders saying its offer remained the best available.

Officials close to the company questioned whether the Swiss courts could delay the takeover timetable and claimed that even if IP was able to oust the Holvis board, the new directors could not tear up the "water-tight" deal for Fiberweb.

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## Deutsche Bank hires Merrill executives

By Nicholas Denton in London

Deutsche Bank has taken another step in building up its investment banking activities by appointing two senior executives from Merrill Lynch, the largest US stockbroker.

Mr Grant Kvalheim, head of Merrill's North American capital markets operation, is to become head of debt capital markets in the region for the German bank, it said yesterday.

Mr Michael Philipp, head of equity derivatives at Merrill, takes the position of head of global market sales at Deutsche Bank in London.

Pay is understood not to have been a factor in their decision to leave. Both followed their former superior, Mr Edson Mitchell, who began the wave of defections by leaving Merrill in April and took over as Deutsche's worldwide head of global markets.

The new appointments confirm Deutsche Bank's reputation as the most aggressive hirer in international investment banking, expanding as difficult markets cause many other investment banks to retreat.

Deutsche and Morgan Grenfell, its UK investment banking subsidiary, have drawn their equity sales, research and capital markets management from S.G. Warburg, the UK investment bank.

The departures contributed to Warburg's decision to abandon its independence and seek a backer in Swiss Bank Corporation. They also provoked Sir David Scholey, Warburg's chairman, into writing a letter of protest to Mr Hilmar Kopfer, chairman of Deutsche Bank.

Merrill implied yesterday that the defections to Deutsche followed the appointment of Mr Herb Allison as overall head of investment banking rather than Mr Mitchell. It said: "Whenever there is organisational change there will be some individuals who seek opportunities elsewhere."

The exodus is nevertheless a setback to Merrill, which was the leading underwriter of both debt and equity issues worldwide in 1994.

The suspension became one of the longest in French corporate history - the shares resumed trading only late last month and within two days

of the month, after the release of several pieces of surprising weak economic data. The yield on the two-year note

climbed to 5.936 per cent. Mr Woody Jay, who manages global government bond trading for Lehman Brothers in New York, said he had heard the rumours but did not believe they were the driving factor behind the sell-off.

Instead, he attributed the decline to a continuing correction after last week's soaring market and a drop in the price of European bonds, which fell through some important support levels.

The market was way overbought and now it is trying to get back to a more normal pricing structure," he said. Mr Alison Cottrell of Paine Webber said the rumours depressed markets which were already nervous in the wake of falls earlier in the week, following comments by Mr Alan Greenspan, chairman of the Federal Reserve, which cast doubt on an imminent interest rate cut.

European bond markets suffered in the wake of the Japanese-USD rumours. UK gilts suffered particularly, with the benchmark 10-year issue falling by about 10 points, and the yield climbing back over the 5 per cent barrier.

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## A suitable case for treatment

Andrew Jack on the reconstruction of Comptoir des Entrepreneurs

It is more than two years since the size of financial difficulties at Comptoir des Entrepreneurs, the specialist French property bank, began to emerge. But shareholders now hope that, as a result of their ratification of a huge restructuring package backed by state guarantees, there is light at the end of the tunnel.

The saga involves a peculiarly French financial institution split between state and corporate control, under scrutiny from regulators and with an important role in determining the destiny of at least one of its main investors, on top of the unprecedented property market slump that has also affected many of its competitors.

Founded in 1848 under the influence of the French state and instrumental in the wide-ranging reconstruction of Paris under Baron Haussmann, Comptoir found itself more recently burdened by the same problem that its majestic buildings are now posing to the property market: in need of extensive renovation to be of any value.

On February 8 1993, at the request of the Commission des Opérations de Bourse, the French markets watchdog, Comptoir's shares were suspended following concerns about the presentation of its accounts. That investigation continues.

The suspension became one of the longest in French corporate history - the shares resumed trading only late last month and within two days

of the month, after the release of several pieces of surprising weak economic data. The yield on the two-year note

climbed to 5.936 per cent. Mr Woody Jay, who manages global government bond trading for Lehman Brothers in New York, said he had heard the rumours but did not believe they were the driving factor behind the sell-off.

Instead, he attributed the decline to a continuing correction after last week's soaring market and a drop in the price of European bonds, which fell through some important support levels.

The market was way overbought and now it is trying to get back to a more normal pricing structure," he said. Mr Alison Cottrell of Paine Webber said the rumours depressed markets which were already nervous in the wake of falls earlier in the week, following comments by Mr Alan Greenspan, chairman of the Federal Reserve, which cast doubt on an imminent interest rate cut.

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had fallen to less than one 10th of their FF219 reopening price. As the enormous size of Comptoir's financial problems began to emerge, a series of rescue measures were put in place: a FF80m (\$12m) refinancing in March 1993, a FF800m increase in capital reserves in May of that year, followed swiftly by two bond

issues underwritten by the state totalling FF3.5bn. But that was not enough. In March 1994, Comptoir became one of the first French financial companies - since copied by others - to introduce a "defensive" structure, having off FF80m in bad loans from its balance sheet into a special "bad bank" corporate shell for refinancing and management.

The group posted losses of FF1.05bn for 1992 and FF1.65bn for 1993.

Last year, Assurances Générales de France, the state-owned insurer which is on the government's list for privatisation and which owned nearly 30 per cent of Comptoir's shares, became increasingly concerned that this rescue package was still inadequate. Greater losses

would have a direct impact on the results of AGF, which would affect its value. The group requested an audit into the remaining property loans on Comptoir's books, which indicated a further deterioration in their value. "Frankly, it's lucky we weren't private [at that time] or it would have been quite a problem," says Mr Antoine Jeancourt-Galliani, AGF's chairman.

The result was the initialing last December of a second defence structure - nicknamed D2 - which swallowed the first and added a further FF70m in loans removed from the balance sheet. The first FF4.5m of this is backed by subordinated debt underwritten by the state.

As part of the new rescue package, backed this week by shareholders, a FF700m recapitalisation takes place. AGF becomes controlling shareholder by increasing its stake to just under 75 per cent. At the same time, the French state's role as lender of last resort is considerably reduced, with it no longer appointing the chairman of the group or using it to distribute subsidised loans for housing.

"The property crisis was the result of a general myopia from the actors in the market - the banks as much as the others," says Mr François Lemasson, the outgoing chairman of Comptoir. He says there was general short-sightedness compounded with the group's focus.

As for the future, shareholders have now ratified the

appointment of Mr Jacques Lehar, the former deputy managing director of the Groupe Bull computer concern, as chairman. At present, he is remaining reticent about his specific objectives but says he relishes the challenge of taking on a company in need of a "turnaround".

"Comptoir must now prove itself," he says. "We need to fix clear and attainable objectives." He says one of his first tasks is to introduce a "culture of profit" to an organisation in the past influenced by an ambiguous mix of public and private sector activities.

Mr Jeancourt-Galliani of AGF says that the group plans to retain control after its privatisation, but intends to seek another strategic partner, so it can reduce its stake over the next few years to about 51 per cent. He sees scope for close co-operation between the two companies, perhaps selling AGF life assurance policies to Comptoir's mortgagees brokered by Comptoir.

Perhaps no symbol of Comptoir's transformation is stronger than the fate of its headquarters. In the next few months, the group is moving out of its historic site near the fashionable Place Vendôme in central Paris, and into a more modest modern office building in a town outside the city.

It will have to hope that other businesses and individuals also begin to move to help boost activity in the real estate market.

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## DnB claims over 80% of Vital

By Christopher Brown-Humes in Stockholm

Den norske Bank, Norway's biggest bank, said yesterday that more than 80 per cent of the shareholders of Vital, the country's second largest insurer, had accepted its offer.

The high acceptance rate increases the chances that Aegon, the Dutch insurer which is also seeking to buy

its stake of about 1 per cent in the Anglo-French group. The fall was much sharper than that suffered by the CAC-40 index of leading shares, which declined by 2.8 per cent to 1,287 points.

The decision to sell its Euro-tunnel stake was just a part of its portfolio management, GAN said. "It was never a strategic investment," the company added.

GAN is in the midst of a restructuring programme aimed at returning the group to profit after losses of FF3.3bn (\$1.06bn) last year.

The losses, which were largely the result of provisions against bad property loans, prompted a rescue package by its state shareholder. As part of the recovery package, GAN is reviewing its investments. It declined to comment on the size of the loss on its Euro-tunnel investment.

Mr Turk, who has already secured a temporary injunction preventing Holvis's directors from selling 67,000 unissued treasury shares to BBA, said IP was confident of winning a further ruling that could force the UK group to extend its offer.

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COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Coffee perks up a little

The coffee market perked up at the end of a lacklustre week yesterday, partly in response to reaffirmed solidarity among Central American producers on their export retention policy.

However, the bounce could result only a little of the damage done earlier by speculative and hedge-related selling as fears of a damaging frost in Brazilian producing regions faded. The September delivery position at the London Commodity Exchange's robust coffee market regained \$39 yesterday but was still \$146 down on the week at \$2,730 a tonne.

After a meeting in Tegucigalpa, the Honduran capital, the Central American producer countries - Costa Rica, El Salvador, Nicaragua, Guatemala and Honduras - announced that they would continue withholding 20 per cent of their coffee from the world market and that Guatemala, whose abandonment of the retention scheme had been a factor behind the recent price slide, had been persuaded back into the fold.

The market did not appear much impressed yesterday with an estimate from Brazilian coffee trader Esteve Irmãos that last year's frost and drought could have destroyed half of Brazil's 1995-96 coffee crop. "It's difficult to give a precise figure," Mr Jorge Esteve of Esteve Irmãos said in remarks prepared for delivery at the 18th Spanish Coffee Congress in Valencia. "If we estimate that from a normal potential harvest of 27m or 28m bags (60kg each) half was actually lost, we're left with approximately 14m." How much was available for export would depend on how much was drawn from the Brazil Coffee Institute's (IBC) stocks for domestic consumption, he added.

The fundamental factor is

the 14.5m bags the defunct IBC has," he said. Today we have [domestic] consumption of around 10m bags, an expected harvest of around 15m and a carry-over from June of 7m or 8m. That would leave only 13m bags for export, compared with 16m to 18m in the past few years, unless the institute dipped into its stocks and sold them on the home market.

At the London Metal Exchange base metals prices mostly remained within recent trading ranges this week, though continuing "squeeze" fears led to a further widening in cash premiums for tin.

The copper contract yesterday reversed a small net loss to end the week \$12.25 up at \$2,875.50 a tonne for three months delivery. The upturn was encouraged by news of a renewal of the downtrend in

overall LME warehouse stocks despite further deliveries (presumed to be from China) into the Singapore warehouse.

About 75,000 tonnes of copper cathode moved into Singapore, the LME reported, but the world-wide stocks totalled 3.475 million to 210,550.

The stocks news was also bullish for aluminium. A 30,850-tonne fall took the total below 800,000 tonnes and encouraged a \$12.50 rise in the three months position to \$1,790 a tonne, but that was still \$29.50 down on the week.

Tin meanwhile built quite

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Cash 3 mths

1770-72 1789-91

1773-74 1777-78

1774-75 1779-83

1774-75 1779-83

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1774-75 1779-83

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Precious Metals continued

GOLD COMEX (100 Troy oz \$/troy oz)

Sett. price change High Low Open Int.

Jun 357.7 +1.8 359.5 356.5 357.5 294

Jul 357.1 +1.6 359.2 356.2 357.2 294

Aug 356.4 +1.7 359.1 356.1 357.1 294

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## FINANCIAL TIMES

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Saturday June 10 1995

## Expectations confounded

The record of the bond market in gauging the temperature of the US economy has, if anything, been rather better than that of the Federal Reserve over the past two years. Yet the bond market's faith in US Fed chairman Alan Greenspan's ability to fine tune the economy remains remarkably high, to judge by this week's sell-off, which reverberated around the world. Mr Greenspan's suggestion that a US recession looked unlikely was enough to put a brake on a sustained rally in bonds and equities that few had expected earlier in the year.

The disparity between the speed at which markets and economies change course has always been marked. Even so, the fickleness of market expectations has recently been of vintage proportions. At the start of January the implicit assumption in the markets was that US three month interest rates would rise by more than two percentage points during 1995. That followed a very powerful growth spurt in the final quarter of last year. Since then the talk has all been of falling industrial production, lower durable goods orders, declining capacity utilisation and poor jobs figures.

The expectation, despite Mr Greenspan's comments this week, is still that the next move in US short term rates is more likely to be down than up. The global bull market in bonds, now on hold, was essentially a response to the perception of lower growth in the US and the rest of the world.

The prospect of weaker demand on liquidity from the public and private sectors of the industrialised countries helps explain why real yields have fallen so sharply. As measured by the index-linked gilt market in the UK, real yields have fallen from four per cent to just over 3.6 per cent in less than three months. One result is that the much discussed notion of a global capital shortage now looks to be unfounded.

## Capital shortages

In this, at least, there is nothing very surprising. Capital shortages are frequently predicted, but rarely emerge when expected. The concept is anyway somewhat suspect, since the purpose of the market price mechanism is precisely to iron out shortages and gluts. Where the idea does have some practical validity is when private capital dries up completely, as it did with Mexico at the turn of the year. Yet here expectations have once again been confounded, in the wake of the rescue package put together by the US and the International Monetary Fund.

Since April Mexican government agencies have raised around \$900m from the international markets. Mr Guillermo Ortiz, the

finance minister, admitted this week that he was surprised by the speed with which private capital was flowing back into the country. He is understandably keen to make best use of the opportunity. A new sovereign debt issue is expected from Mexico in the second half of the year.

The renewal of this private flow to Mexico finds an echo in the OECD club, where the fall in real bond yields reflects a declining risk premium. Capital is flowing back into the bond markets even of those governments with the worst problems, as investors perceive a growing political readiness to grasp fiscal nettles.

## Italian concern

Yet here, too, expectations are fickle. It would take only a minor political disturbance in Italy, for example, to re-awaken concern, though the results of this week's referendum seem unlikely to cause trouble either way. An unexpected blow for Mr Silvio Berlusconi would be a plus, since the recent assumption has been that what is bad for Mr Berlusconi is good for the markets. The more difficult question, which will exercise leaders of the Group of Seven in Halifax next week, is whether markets are over-optimistic about a low-inflation outcome for the industrialised world at large.

Each of the past three decades has started with a recession, and in the first two the economic cycle was protracted, with a pause in the middle which gave way to a growth spurt at the end. The best guess is that the 1990s will follow a similar pattern, and that Mr Greenspan's tightening since February last year will reduce pressure on capacity in the US, thereby permitting a non-inflationary extension of the cycle again. Moreover, inflation seems unlikely to pose a global problem, partly because recovery in continental Europe lags the US, while Japan remains in the doldrums.

The risk, as the bond markets rightly sense whenever they go through one of their manic downward lurches, lies in countries with weak governments and a poor historic record on inflation. The UK provides an obvious illustration. The pressure on the chancellor, Mr Kenneth Clarke, to go for excessive fiscal expansion in his November budget is immense. His readiness to take risks will have been bolstered by exceptional luck on the monetary front, thanks to slower growth both internationally and at home. It should not be forgotten that he confounded expectations in his first budget: Britain is a country where fiscal tightening has been real, not just a matter of intentions. Yet the outcome remains uncomfortably finely balanced.

Is the British government guilty of insider trading, using inside information to deal in shares to its advantage? Thousands of angry investors who bought into the government's £4bn sale of power generating company shares in March think so.

So does the Stock Exchange, judging by its criticism this week of the way the shares were sold. It said the government should "examine further the handling of this privatisation", particularly the dissemination of information from the public sector. So, too, does the Labour party, which claims that the Treasury "conned" investors into buying the shares on a false prospectus.

It is not yet clear whether any of these accusations will land the government in court - there are large legal obstacles. But ministers' public denials have done little to allay suspicions that the Treasury concealed information which might have jeopardised the sale.

The information which it allegedly possessed was that Professor Stephen Littlechild, the electricity regulator, planned to announce an unexpected review of electricity price controls the day after the new shares started trading.

When the announcement came, it sent the stock market into turmoil. Electricity shares plunged 17 per cent, dragging the flotation value down with them, and infuriating investors who had become accustomed to making an immediate profit on privatisation issues, and certainly not a loss.

Whether the government had precise knowledge of Prof Littlechild's intentions before the sale went ahead has not been established. Sir George Young, the Treasury Minister, says the government did not know of them for sure until the afternoon of March 6, by which time the shares had started trading.

However, Prof Littlechild has said he informed the government on February 27 that he was considering a price review, and that the government's privatisation team considered the implications of this with its financial and legal advisers on March 3, after which it decided to go ahead anyway.

One tricky aspect is that utility regulators are independent figures; the government is wary of undermining that position. The Treasury was therefore at the mercy of Prof Littlechild on the timing of his announcement. Nonetheless, the Treasury must have been aware of the sensitivity of the situation even if, as ministers claim, they did not know until the last moment whether Prof Littlechild was going to say anything, let alone what he might say.

Politically, the furore is yet another embarrassment to John Major's government, although so frequent have accusations of sleaze and mismanagement become that ministers have a well-tried formula for dealing with them. Mr Kenneth Clarke, the chancellor, denied any wrongdoing on the government's part, and dismissed calls from Mr Gordon Brown, his Labour opposite number, for a full independent investigation.

With typical insouciance, Mr Clarke said the government was doing what had been asked of it. "As the Stock Exchange asked us to look at it again, we have a senior official not previously involved looking at it again."

The government is likely to stick to this line in the hope that anger and indignation will eventually die away - or be supplanted by some other concern. However, Labour intends to extract maximum benefit

## Powers that be in question

David Lascelles, Norma Cohen, John Kampfner and Robert Rice on the furore the government is facing from the City over the sale of shares in UK generators



From top, clockwise: Kenneth Clarke; John Baker, NP chairman; Michael Lawrence, exchange chief; and Stephen Littlechild, power regulator

from the affair. Mr Gordon Brown, the shadow chancellor, let it be known that he had been in touch with the Serious Fraud Office, which had assured him that it was still considering whether there are grounds for an investigation under the Criminal Justice Act.

Labour also circulated a letter to Mr Clarke from Mr Jack Cunningham, Labour trade and industry spokesman, dated March 28, three weeks after the debacle. Mr Cunningham spelt out what he said was a *prime facie* case that the government had colluded in making a false market for the generators' shares. This, he said, constituted a breach of Section 47 of the Financial Services Act.

"I fully understand that you reject allegations of insider dealing and that the Treasury have taken legal advice on this matter," he told Mr Clarke. "To the best of my knowledge, however, these facts alone would not constitute a water-tight defence under English law."

It is a moot point, however, whether legal action can be taken against the government in cases such as this under English law.

Under the Criminal Justice Act 1992, insider dealing can be committed only by individuals. Since this was a case where the government was selling the shares, the question

of criminal liability does not arise, says Mr Philip Mitchell, a partner of City solicitors Druces & Atties.

There are secondary offences of counselling, procuring or encouraging others to deal, but again only an individual can be prosecuted for them, he adds. It would be difficult to prove for criminal purposes that a single politician or civil servant was responsible in this instance.

Under normal circumstances, a

company which failed to disclose a material fact in an offer document would have created a false or misleading impression as to the value of the shares it was selling. It would therefore be liable to both criminal prosecution and an action for damages under the Financial Services Act. But the Crown enjoys immunity from both civil and criminal actions under section 307 of the act.

City lawyers were less certain whether the government would be

## THE TIMETABLE

1994  
● Sept 28: Government announces decision to sell its remaining 40 per cent stake in National Power and Powergen

1995  
● Jan 10: Shareholding campaign starts

● February 17: Sale prospectus issued

● February 27: Littlechild informs government that he is considering a price review

● March 2: Treasury decides to go ahead

● March 6: New shares start trading

● March 7: Littlechild announces review of electricity prices. Electricity shares fall 17 per cent

● March 14: First payment deadline - some institutions threaten not to pay

● April 28: Jack Cunningham, Labour industry spokesman, calls for fraud investigation, claiming investors were conned

● May 16: John Baker, chairman of National Power, threatens to sue government. NP bought 3 per cent of its own shares in the sale for £453m

● June 16: London Stock Exchange criticises Treasury

immune from an action for damages for misrepresentation under the common law, however.

To succeed, investors would need to show that the suppressed information would have altered their decision to invest. If they had decided to invest anyway because the deal was attractive, it would be difficult to show they had suffered loss just because the stock went down in price. "In theory you could sue the government for misrepresentation as a party to a contract. But it seems extremely unlikely," one lawyer said.

However, there are wider issues involved in this case, raised by Mr Michael Lawrence, chief executive of the Stock Exchange, in his "strictly confidential" letter to Sir Terence Burns, permanent secretary at the Treasury, released on Thursday. He said more needs to be done to restore confidence in the London market and determine culpability. The release of the letter took the City by surprise, though Treasury officials insist it had agreed to it. However, Mr Lawrence, who has repeatedly affirmed the exchange's commitment to combat insider dealing, is understood to have felt under great pressure to release the letter.

"I believe that I have done what I can do to show that we as an

exchange are not happy with the damage to its reputation which is a net consequence of the £4bn sale of generators' March share offer," Mr Lawrence told the BBC. "The matter does need to be taken further."

"To the extent there is culpability, then presumably there will be appropriate follow-up," he added. Such tones seemed a far cry from Sir George Young's assertion yesterday that the Stock Exchange had not criticised the government.

Other organisations are deeply unhappy, too. The investment committee of the Association of British Insurers, one of the UK's largest shareholder groups, has met to consider what action, if any, its members could take. It wrote to the Stock Exchange in March asking for a formal inquiry into the affair. Other investor trade associations have also pressed the exchange for a full investigation.

On March 7, Mr John Cobb, chairman of the Association of Private Client Stockbrokers and Investment Managers, whose members sell shares to retail investors, wrote to Mr Anthony Nelson, Treasury Minister, informing him: "My phone has hardly stopped ringing with enured calls from members of this trade association... I am writing to let you know of my concern at the effect of dramatic falls in share prices on many thousands of new or inexperienced investors."

Mr Nelson, whose duties include promotion of wider share ownership, responded with the now standard line that the government learnt of the price review only on the afternoon of March 6, too late to stop the sale. He added: "I hope in the light of the above explanation that you will agree that throughout the sale process the Treasury acted in good faith on the basis of the best advice available to it."

Shareholders, however, do not see it that way. "The fact that Littlechild's remarks were kept from the public is outrageous," says the investment director at one of the UK's largest pension funds and holder of a relatively large stake in both power generation companies.

Ironically, the Stock Exchange had long ago recognised that statements from regulators could be market sensitive.

In a document published in Autumn 1993 giving guidance on dissemination of inside information, it warned that "announcements by industry regulators, trade associations, government departments and other bodies may affect the share price of many companies". The document concluded that companies should have an agreed understanding of the market sensitivity of regulators' views - and make them public where appropriate.

In defence of its actions, the Treasury has said that none of its legal advisers and financial advisers felt that a public announcement of Prof Littlechild's deliberations was necessary. Treasury officials privately say the news was material only to the regional electricity companies, not the generators which supply them. In any case, they add, the generators' share prices are now above where they were at the time of the sale.

They might, of course, be higher still but for the furore. The point, however, is that the City is not satisfied with the explanations it has received so far, though whether it will get much more out of a government which is adamant that it has done nothing wrong is a different matter.

## MAN IN THE NEWS: Louis Luyt

## He's got the ball and he's running with it

If rugby union's administrators were subject to the same discipline as the players, Louis Luyt would long ago have suffered the fate of James Dalton, the Springbok hooker caught up in last week's world cup brawl with Canada.

He would have been sent off, not once, but several times. And quite possibly banned for life as a persistent offender.

Whatever an administrator's equivalent of high tackles, fists flying in the line-out, or unpleasant practices in the dark, sweaty recesses of the scrum, the president of the South African Rugby Football Union has done it.

Yet the abrasive style of the man who has done as much as anyone to make the world cup tournament a success is undeniably effective.

His energy, talent and ambition have carried him from the plains of the Karoo, where he was one of nine children in an impoverished family, to great wealth as a successful businessman and international celebrity as one of rugby's most influential figures.

The burly 63-year-old Afrikaner himself has provided the best clue to what makes him tick. "Deep inside me there is a scar that makes me want to fight the world - take everything," he told Johannesburg's Star newspaper last January.

"I have tried to psychoanalyse myself. Why am I like I am? I think it's because I have always had to fight for myself."

His controversial past should in theory count against him. He played a leading role in attempting to break international efforts to impose a sporting boycott on South Africa, and had a murky part in the apartheid government's attempt to manipulate local and international media in the 1970s.

But once he realised that fundamental change was inevitable, he had the foresight to pursue a dif-

ferent strategy with equal vigour, and proceeded to redeem himself.

It was Luyt who, together with Dr Danie Craven, his predecessor as the rugby body's president, went to Harare in 1988 to meet the then banned African National Congress which Nelson Mandela led to electoral victory last year.

It took courage. South Africa was still defying the world, and the two men were roundly condemned by P.W. Botha, the then South African president, who had an intimidating reputation for blunt talking.

But Luyt was unrepentant, and the two men's foresight and determination paid off.

Not only did it help Luyt win the respect of Steve Tshwete, then in prison, but last year appointed minister of sport, it also won back friends for South African rugby abroad.

Although he conducts business with all the subtlety and tact of the lock forward he once was - he captained the Orange Free State provincial side - Luyt clearly should not be underestimated.

His role in the success of the world cup follows considerable achievements in the domestic rugby arena. Under his direction, a lacklustre and indebted Transvaal provincial rugby union has become the country's top side. Its Johannesburg stadium, Ellis Park, the venue for the world cup final, has been turned from a white elephant into a highly profitable company, of which he is the chairman.

And he has helped preside over a campaign to win commercial sponsorship running into tens of millions of rand.

Given Luyt's uncompromising style, it is scarcely surprising that some have suggested the world cup has been a success despite rather than because of him.

Yet even detractors acknowledge that when political unrest and uncertainty in the run-up to last



year's election led to suggestions that the venue should be changed, Luyt never wavered in his determination to keep the tournament in South Africa.

Now it is in full swing, the world cup has caught the imagination of the nation. Nothing illustrates this better than Nelson Mandela's endorsement of the Springboks as "our boys, our children, our stars".

But to friends and critics alike, Luyt remains a controversial figure. "He is either revered or hated," says Francois Baird of Baird Associates, which handles public relations for the rugby body.

Deon du Plessis, managing editor of the country's Argus group of newspapers and an enthusiastic rugby follower, recalls John Vorster, South Africa's prime minister in the 1970s, describing Luyt as "the thick end of the wedge".

After a spell working on the railways and in the mining industry, Luyt became a salesman for a petro-

leum company, and later a fertiliser group.

In the mid-1960s, he created his own fertiliser company, Triomf, which he turned into the 20th biggest company on the Johannesburg Stock Exchange, exploiting his experience as a salesman, good contacts with farmers and business acumen. Within 10 years, Triomf had captured about a fifth of the domestic fertiliser market.

During this period, he established a reputation for leading an extravagant lifestyle, buying a BAC 1-11 119-seater jet, adapted to carry 20 passengers in luxury.

In the early 1980s, however, Triomf was hit by a series of problems including depressed domestic demand as a result of a protracted drought, falling exports and a sharply weakening rand. In 1986, the company collapsed and Luyt's business reputation was dealt a blow.

"Of course, as founder I took the

blame," he has said. "But because I delegated, we were taken into a foreign exchange situation that I didn't approve of. When the rand started to plunge, I was told it was only temporary... I took a big knock too. Now I keep my money in cash."

With a successful world cup behind him - barring disaster between now and the final in a fortnight's time - Luyt may have done more than strengthen his position in South African rugby. He may have won enough extra credentials to allow him to stride the international rugby stage.

He is clearly relishing the prospect of taking on the world's rugby establishment.

Given the chance, he would scrap Rugby World Cup Limited, the body that runs the game's biggest tournament, streamline and co-ordinate international administration, and end the pretence that top-class rugby is an amateur sport.

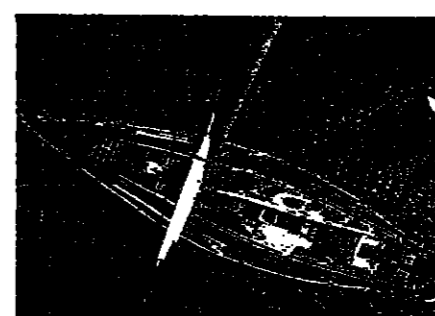
That is for starters. He would also like to simplify some of the rules to make the game more exciting, and to clamp down on dirty play. And he would market a repackaged game to the highest commercial bidders.

He has been scathing in his comments about the way the game is organised at present, and he has given advance warning that, if he has anything to do with it, a roof-and-branch shake-up will be on its way.

"Something will definitely happen after the world cup," he said recently.

This prospect will no doubt excite cries of horror in some circles, and cries of hallelujah in others. Either way, rugby fans should look out: Louis Luyt may be coming to a ground near you.

Michael Holman



UP THE MAST



DOWN THE MAST

ROUND THE ISLAND RACE, 1000 YDS	10 June
CHAMPAGNE OPEN	11 June-9 July
RAIAL ANGLE	20-23 June
2ND CUMBERBELL TEE MATCH, LORRY	22-24 June
THE VELDE GOLFERS' GOLF CLUB, COVENTRY PARK	25 June-16 July
WINDWARD TOWNS CHAMPIONSHIP	26 June-9 July
HEVELY RURAL RELAYS	26 June-3 July
HAMPDEN COURT PALACE INTERNATIONAL FLORISS SHOW	5-9 July
COCKEY WIFE, ISLE OF WIGHT	29 July-5 August
BURBURY FIVE TOWNS STATION	31 August-3 September

■ Veuve Clicquot ■  
CHAMPAGNE OF THE SEASON

# Italian voters put Berlusconi on the spot

The weekend's referendums could determine the media magnate's future, says Robert Graham

Mr Silvio Berlusconi, the Italian media magnate and former prime minister, has been battling to salvage his brief political career and protect his business interests. Tomorrow, when Italians vote in 12 referendums, he will learn whether he has succeeded.

Three of those referendums call on voters to decide if a single group should be allowed to possess more than one television channel. If the vote goes against him, Mr Berlusconi risks losing two of his three television channels and a big slice of advertising revenue.

But much more is at stake, because Mr Berlusconi has doggedly refused to separate his political role from his ownership of the Fininvest television empire worth \$2.8bn. This Sunday is therefore also seen as a referendum on his leadership of the right-wing alliance which he has headed since entering politics in January 1994.

If the vote goes against the former premier, it will accelerate his political eclipse and force a realignment of the parties in the right-wing alliance. The alliance itself could break up, leading to a renewed search to forge a "third" political force operating on the centre ground of Italian politics.

Mr Berlusconi has tried to turn the referendum into a popular vote on the entertainment he has pioneered on his channels. A vote in favour of moves to reduce his television interests would be an attack on the heavy diet of US soaps and

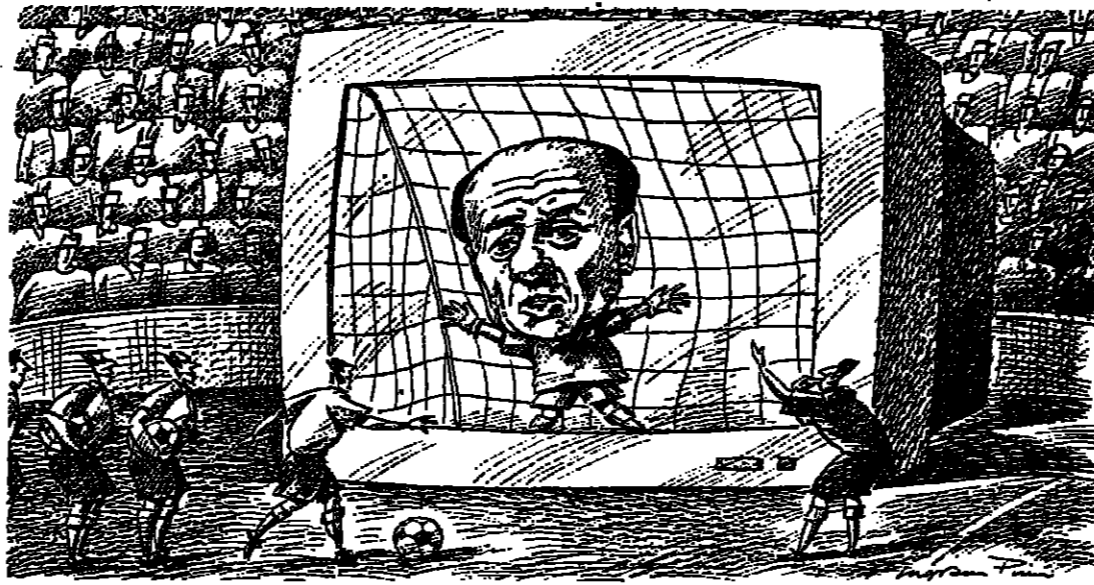
salacious quiz shows that so influence Italian culture today.

But even if the vote goes in his favour, Mr Berlusconi will find it hard to reverse his political decline, which began when he was forced from the premiership in December. He has so antagonised his allies by his intemperate behaviour and poor judgment that he is unlikely to be their choice as next premier.

One reason is his dogged resistance to proposals to resolve the conflict of interest between his political role and his ownership of Fininvest, one of the five biggest private firms in Italy. In no other modern democracy could the owner of television networks with 45 per cent of the national audience have entered politics without first establishing a clear-cut separation from those media interests.

Despite frequent promises, Mr Berlusconi has taken no adequate measures to distance himself from ownership of the unquoted Fininvest, or to establish rules to avoid conflicts of interest. The proposals of a Berlusconi-selected group of three jurists submitted last autumn have been forgotten; his allies in parliament have blocked alternative legislative moves.

The present structure of television ownership is based on an anachronistic deal worked out in 1980 between Mr Berlusconi and the now-discredited political elite which then formed the government. In



January, the constitutional court ruled this arrangement unconstitutional and ordered Fininvest to divest at least one channel by 1996. Several efforts have been made over the past three months to head off the confrontation over the referendum by agreeing legislation to reform the television ownership rules. Yet whenever a deal seemed close, Mr Berlusconi always rejected compromise – even when endorsed by Mr Fedele Confalonieri,

chairman of Fininvest and a Berlusconi friend from student days.

At heart, Mr Berlusconi refuses to accept that he should be forced to forego the fruits of a business he has created through his own hard work. He hates the idea of having to sell even part of his heavily indebted business, let alone surrendering control. He has thus preferred to risk all in the referendum, placing his fate, as he said the other day, "in the hands of God".

In this way he hopes to shape the terms upon which parliament eventually obliges him to reduce his television holdings as required by the January decision of the constitutional court.

A draft law envisages the surrender of one channel next year and a second by 1998. Mr Berlusconi has now endorsed the Fininvest management's proposal of finding foreign buyers for a third of the television interests, institutional

investors for another third with the family retaining the remainder.

But even if the referendum was to favour Mr Berlusconi, the investigations of Italy's magistrates into corruption scandals remain a threat to his future and that of Fininvest.

One of the investigations involves Telepiù, a pay-television company in which Mr Berlusconi held a controlling stake that he was required to sell by anti-trust rulings. Magistrates have retained control through nominees: if this is proved, Mr Berlusconi could lose all his commercial television licences.

More serious is the impending decision on whether Mr Berlusconi should be sent for trial for alleged involvement in the bribery of members of the Guardia di Finanza, the financial police. Fininvest managers have already admitted attempting to secure favourable inspections of Fininvest books, and new evidence implicating Mr Berlusconi has been leaked in the run-up to the referendum. In the past such leaks have proved remarkably accurate, usually based on documents from the magistrates' investigations.

The net is already closing around Mr Berlusconi's inner circle. Mr Marcello Dell'Utri, the head of Public Affairs, Fininvest's advertising arm, and a long-time Berlusconi friend, has been held in prison for more than two weeks. He faces charges laid by Turin magistrates of false billing, one of the chief means used

by Italian companies to create parallel funds outside public scrutiny.

In response to these legal threats, a campaign is gathering momentum to undermine the credibility of those who threaten Mr Berlusconi's empire. The war against the country's chief anti-corruption magistrates in Milan and Palermo, begun under his premiership, is being waged with new fury.

During the past week, Mr Antonio Di Pietro, the Milan magistrate who led the anti-corruption crusade, has come under attack. Magistrates in Brescia are investigating his relationship with Mr Giancarlo Gornini, a Milan businessman involved in a big insurance fraud case.

Mr Di Pietro has admitted receiving a loan of L120m (\$73,000) from a friend of Mr Gornini which he repaid in October, two months before resigning from the magistrature. Mr Gornini offered to tell the justice ministry about his relationship with Mr Di Pietro on November 23, the day after Mr Berlusconi was first advised he was under investigation for alleged corruption by Milan magistrates.

In this venomous climate, Italian voters may still give Mr Berlusconi the benefit of their increasing doubts. But if he wishes to fight the next elections likely in the autumn and regain the premiership, he will have to head the warnings of President Oscar Luigi Scalfaro.

He has made it clear he will not appoint as prime minister anyone who has problems with the law and is restricted by conflicts of interest.

## Mixed messages all over

The City view of the UK economy is not shared on the shop floor, says Michael Cassell

Mr Bob Berridge says every light is glowing on his company's switchboard. "The lines are jammed. We have never been so busy. But those blokes in the City are talking us back into recession; if they make the banks nervous we will all suffer."

Customers are telephoning North-East Truck and Van on Teesside, one of the largest commercial vehicle dealers in the UK, to buy vehicles, order parts and book services.

Mr Berridge, joint managing director of a business where annual turnover in two years has grown from £30m to £50m, says his customers range from the Tesco supermarket chain to local corner store owners.

He acknowledges not everyone is having good times, particularly those businesses which did not learn from the recession to emerge in a better, more competitive shape. But he does not share the widespread uncertainty about prospects for the economy.

Recent statistics suggest that the economic recovery which began in the spring of 1992 is petering out. But no revival is complete without a few periods of uncertainty, and the latest data are inconclusive.

Official figures have been pointing to some slowing in the pace of growth: national output is rising less quickly, unemployment is being reduced more slowly, house prices are falling and spending in the shops is subdued. As a result, Mr Kenneth Clarke, the chancellor, declined to raise interest rates last month.

One reason for caution is that official data for retail sales and manufacturing output paint a more downbeat picture than comparable surveys carried out by the Confederation of British Industry.

Given the mixed economic messages and the patchy performance of business, it is too soon to say if the figures mark the start of a serious downturn, a temporary pause for breath or merely represent a misleading, statistical mirage.

The big utilities offer no evidence that the climate is about to worsen. Most of the regional electricity companies say sales to private and commercial customers imply a continuing,



Flying high: Britain's airports are seeing more passengers

though modest, growth in economic activity.

One regional supply company says: "We are not talking economic miracles but a steady improvement in business which is continuing."

The export-led recovery means the ports are enjoying good business. Hull says its roll-on, roll-off capacity to Zeebrugge and Rotterdam is now full most days. Mersey Docks and Harbour Company also remains busy, although timber stockpiles amassed in anticipation of a revival in construction activity are moving only slowly off the quayside.

British Steel says the continuing weakness in domestic construction activity means there has been no upturn in demand for constructional steel, in sharp contrast to the market for strip products – used widely across manufacturing industry – where the company's mills are working "flat out" to meet demand.

Housebuilding activity remains generally depressed, but there are bright spots. Cala, a housebuilder which specialises in executive homes, says its Scottish division had a record month in May, selling £2m worth of property.

Chemical manufacturers, however, report a downturn in sales in the past six weeks,

with production maintained only to supply continuing growth in export markets.

On a brighter note, Britain's airports continue to do well. While the British Airport Authority's seven UK airports handled nearly 8m passengers last month – an increase of 7 per cent on a year earlier – domestic traffic rose by more than 10 per cent.

British Airways reflects this healthy picture and says it is now carrying record numbers of passengers and volumes of cargo. "Demand is really strong," says BA. "Our aircraft are fuller than ever before."

Telephone business remains buoyant. British Telecommunications, the UK's largest telecoms operator, says that the volume of land calls grew by 7 per cent in March compared with the same month last year, and there is some evidence that the trend is continuing.

The rapid growth of the mobile telephone business continues unchecked. Vodafone, the UK's largest cellular telephone network operator, will next week sign up its two millionth customer. Business, according to Vodafone, "is going like a rocket."

Sales of company cars, into which increasing numbers of mobile telephones are being fitted, rose by 11 per cent last

month over May 1994. Private car sales in May rose for only the second time this year.

Mr John Walden, managing director of Lex Retail, the UK's largest car retailing group, says: "Unlike the private car market, company fleet sales remain reasonably strong, but there are signs they are beginning to tail off."

But the car rental business is performing well, according to Mr Freddie Aldous, chairman of EuroDollar and president of the British Vehicle Rental and Leasing Association. "Things are looking very good. Last year demand for car rentals rose by 15 per cent and we hope we will come close to repeating that in 1995."

There is no such prospect in the high street, where weak consumer confidence and recent, year-on-year sales growth of only about 2 per cent means fierce competition.

John Lewis Partnership, which has 22 UK department stores and more than 100 Waitrose supermarkets, says trade is subdued. "It's just a plot at the moment."

Mr Edward Bental, chairman of Bental's department stores in the south of England, says: "There is a lack of consumer confidence at the moment and the situation looks unlikely to change for the time being."

Mr Stanley Kirt, chairman of Blackpool-based Dainties Confectionery, which claims to be the world's largest manufacturer of mint humbugs and supplies many supermarkets, is less gloomy, given that the British sweet tooth means sales rarely take a serious nose-dive.

Sales by his family-owned company are up by about 5 per cent over last year, but in a good year he would expect them to rise 20 per cent. He says Dainties has survived because, unlike many during the recession, it invested heavily to maintain efficiency and stay ahead of the competition. The message, he suggests, is one for other companies to chew on.

Additional reporting by Neil Buckley, James Buxton, Robert Chole and Ian Hamilton Pacey.

John Gapper examines the emergence of online financial services

## The high tech art of armchair banking

Mr Michael Walsh does not wait the local branch of his bank in Seattle when he can avoid it. "Most bank staff are kids who are not paid much, and are barely aware of what life is about. There is no value in that for me," he says.

Instead, Mr Walsh prefers to sit down at the personal computer at home to pay his bills, and check the value of his investments.

He makes payments by signing on to a service provided by his bank which uses Money, the personal finance package created by Microsoft. He updates the value of his investments by downloading information through Prodigy, the online service. Both services enable him to keep an updated record of his financial affairs on his desktop computer.

U.S. Bank, Mr Walsh's bank, is not confining its electronic efforts to its Microsoft Money link. It also has a page on the Internet World Wide Web to market its student loans, and is planning a service allowing customers to apply for loans electronically. This could be launched on the Microsoft network, an online network due to be launched in August.

Ms Linda Parker, manager of emerging delivery services for U.S. Bank, says it sees electronic networks as simply another means of delivering products. "In our view, it is no different to a shopping mall where you rent space to sell your services," she says.

The bank charges customers between \$7.95 (\$5.00) and \$17.95 per month depending on which electronic services they use.

Mr Walsh, the 54-year-old head of a paramedic company, is unusual even on the technology-literate US west coast. Although 45 per cent of U.S. Bank's 800,000 customers own personal computers, only 5,000 have taken up the chance to bank by computer since it became one of the three first banks to offer the service using Microsoft software in January last year.

Up to 10m Americans use personal finance software – a market dominated by Intuit and its software package Quicken – but only between 300,000 and 500,000 use elec-

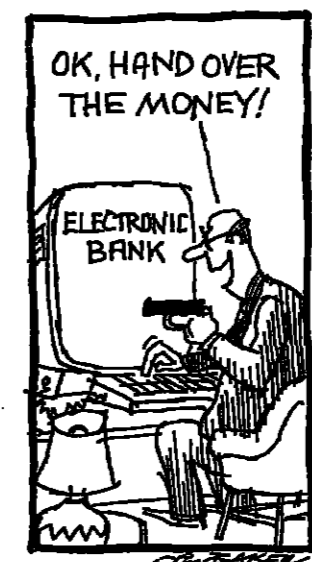
tronic banking. Those using online shopping services – or electronic malls – are also scarce; the average user of electronic malls is a 31-year-old male college graduate who earns \$63,000 a year.

But the numbers may be about to grow rapidly. As more households have become accustomed to using personal computers – and 7 per cent of Americans have ventured into using online services – banks have started to realise the potential of the new technology. Citibank last month abolished most fees on electronic banking for personal customers to try to boost its long-established service.

One reason that most banks and other companies are taking electronic commerce seriously again after a false start in the mid-1980s is the far wider availability of easy software. Microsoft itself tried to take over Intuit because of its faith in the market, although it abandoned the move this month after facing anti-monopoly pressure from the US justice department.

Packages such as Intuit's allow consumers to pay bills from their terminals, and download information from their banks. This lets them track finances and taxes – and plan their spending – without having to type in the data themselves. "I hate detail, and sitting in front of a computer and typing in a bunch of stuff. This makes it much simpler for me," says Mr Walsh.

Another reason is the growth of interest in online services, and the Internet. Microsoft is working with Visa, the credit card company, to create a secure method for making payments over the Internet. Barclays, the UK bank, has just launched an electronic mall with a group of retailers on the Internet using encryption technology to allow card payments.



On the face of it, this seems like a good thing for banks, which have struggled with the high costs of branch networks. First National Bank of Chicago is charging customers \$3 for each time (beyond a specified number of occasions) that they carry out a transaction with a human cashier rather than using a machine or a switch towards electronic banking by customers could save them large sums.

But not all bankers are convinced. Mr John Reed, chairman of Citibank, argued at a conference in Seattle this week that technology would allow companies that are not banks to compete with them, and squeeze profits in their traditional operations. Banks and securities brokers could be reduced to "a line or two of application code in a [computer] network," he said.

Mr Reed said that when customers could use computers to transfer cash easily and buy and sell investments, margins from financial transactions would fall. It would become "very difficult to distinguish between a bank, a broker and

a software company" as software companies started to market themselves as the providers of basic financial services.

There are already signs of the competition that banks will face from other companies in electronic banking. AT&T, the telephone company, last week launched a service allowing customers in six states to pay bills using a television remote control handset. The service is also available on personal computers, and AT&T plans to add other home banking services.

Since US consumers are already accustomed to getting other financial products such as credit cards from non-banks, banks face a real possibility of losing dominance of financial transactions. Mr Walsh says he regards banks as "just a service bureau. There is not much difference if it has a label called bank on it if it gives a good service at low cost," he says.

Not all software companies want to compete with banks. Mr Bill Gates, Microsoft's chairman, insists he has no such ambitions, despite having once described banks as "dinosaurs". He says that Microsoft will "not ever be in the business of doing what banks do". Instead, it wants to provide software allowing banks to gain more effective links with their customers.

But if electronic delivery channels allow consumers access to a range of products, their banks may find it harder to retain their loyalty. People who sign up to Microsoft Network will find banks appearing as no more than icons in the folder containing financial services companies. This will make it easier for them to choose among providers by comparing services.

Mr Reed of Citibank says banks have little choice but to accept such technological changes. "My sense is that that is the way the world is, and we should embrace it, and try to take advantage of it," he says.

Yet if customers such as Mr Walsh are any indication of the future, bankers will need all their wits to keep their traditional place in the new world of commerce.

## Japan should seek Asian neighbours' view on war

From Dr Jean-Pierre Lehmann. Sir, Japanese revisionists do have a point in arguing that the history of the war should not be interpreted solely from the writings of the Western victors. Therefore, to the older generation and the right (who believe Japan waged a war to oust western colonial powers from Asia, rather than a war of aggression against its neighbours) ("Japan coalition hits trouble on war apology", June 1), surely the solution is simple: ask the neighbours.

For example, a conference of eminent scholars from China, Korea, Indonesia, Malaysia, Singapore, the Philippines could be convened to discuss the proposition that Japan did not wage a war of aggression

against them. An alternative could be to hold a poll in these countries posing the question to a representative sample of the population over, say, the age of 15: "The Diet's decision whether or not to apologise would then have the merit of being informed of the opinion of those most directly concerned. Japanese nationalists on this subject too often seem to be waging a war (albeit of words) with the West, while ignoring the views and sensitivities of Asians."

Jean-Pierre Lehmann, professor and director, The European Institute of Japanese Studies, Stockholm School of Economics, PO Box 8501, S-113 83 Stockholm, Sweden.

## A contentious line of thought

From Mr Andrew Shouler. Sir, "Doing nicely outside the EU" (headline in Switzerland survey, June 2)? Steady on! Anyone might think it is not necessary to be in the EU

to be successful and happy. What next? That maybe it isn't even desirable! Andrew Shouler, 155 Conway Gardens, Grays, Essex RM17 6HF, UK

## US opinion on Bosnia sound

From Mr Ellis Dudley Klingeman.

Sir, Mr Joe Rogaly is misjudging opinion in the US when he attributes our nation's reluctance to commit its troops to Bosnia to "neo-isolationism" ("The lion's distant roar", June 3/4).

Rather, the unwillingness of American public opinion to countenance such a commitment rests on solid, old-fashioned American common sense in perceiving three critical factors.

First, Americans recognise that the Bosnian conflict does not represent a threat to its long-standing allies in Nato. The fighting is viewed as another flare-up of the centuries-old ethnic and religious antagonisms in the area that brought into being the time-worn phrase "Balkan tinderbox".

None of the antagonists is

embarked on any crusade that threatens the rest of Europe. The second perception is that a colossal blunder was made by certain "statesmen" in imposing an arms embargo on all the potentially warring factions in the wreckage of Yugoslavia.

This was done despite the fact that the most expansionist and aggressive bloc among the parties, the Serbs, was armed to the teeth through inheriting the weaponry of the former Yugoslav army.

It would be sheer lunacy to put American troops at risk in the Bosnian conflict to defend a people – the Bosnian Moslems – who are perfectly capable of defending themselves and repelling the Serbs if only they were given a parity in armaments with their attackers.

The third reason is that a great many Americans have no

confidence in the leadership of the Clinton administration. The waffling of the president on Bosnia ever since he took office impresses many Americans as indicative of a man who cannot make hard and sound decisions, and who cannot stick to them with any consistency, once they are made.

The risks would be too great for America's soldier sons under such uncertain leadership.

The action in recent years of the US in repelling the Iraqi threat to the Western democracies' economic health, conducted under decisive leadership, should dispel any thoughts about a new-found, chronic isolationism in the US. Ellis Dudley Klingeman, 6 Delwood Parkway South, Madison, New Jersey 07940, US

## Explanation if you please

From Mr James W. Beaumont.

Sir, This simple engineer reads all the FT's reports and articles about a common Euro currency and my question is: why isn't Germany's unification common currency used as an example of what can happen when a weak economy is merged with a strong one?

Germany's debt grows ever larger, together with taxes. Would something similar happen with a new Euro currency? This naive engineer knows nothing of currency and economics, but I do understand debt and increased taxes.

Perhaps the FT would explain that's why I subscribe to your journal. Or am I being naive again? James W. Beaumont, Brunschwilerweg 1, D-82031 Grünwald, Germany

## Savings and US economy

From Mr Michael Zelouf.

Sir, Michael Prowse concludes in his report on the US economy ("Lead ring on the US alarm bells", June 7) that the balance of evidence points to nothing more than a mid-cycle correction and that there is an absence of many classic signs of impending recession.

What his analysis fails to take account of is the significant impact that the current debate on US fiscal policy is having on saving and spending patterns. A sizeable percentage of the elderly and poor population in the US stands to lose out if current Congressional proposals to reform Medicare and Medicaid are even partially enacted. The fear of erosion of future net wealth to meet rising medical costs will

act as a real incentive to increase savings.

Furthermore, the realisation by the growing number of ageing "baby-boomers", now reaching their peak of wealth accumulation, that current government spending will need to be cut to ensure future generations' prosperity is increasing their propensity to save at the expense of discretionary spending. While classic harbingers of recession may be missing, the prospects of meaningful fiscal tightening into the 21st century may serve to dampen growth more than pure economic data currently suggests. Michael Zelouf, Imperial Towers, Netherhall Gardens, London NW3 5RT, UK

## Definitive view of regulation

From Mr Alfred Doll-Steinberg.

Sir, In all the acres of prose – including Edward de Bono's letter of June 1 ("A failure to regulate behaviour") – on the shortcomings of self-regulation at Lloyd's and elsewhere in the City, Nick Land ("Views from

the helm at E&Y", June 5) puts it succinctly and best: "Self-regulation is an oxymoron."

Surely that is all one needs to say on the subject. Alfred Doll-Steinberg, 18 Holly Walk, London NW3 6RA, UK

## CURRENCIES AND MONEY

## MARKETS REPORT

## Dollar wobbles

Rumours of Japanese investors liquidating their holdings of US treasury bonds yesterday drove the dollar below DM1.40 in a nervy, pre-weekend trading session, writes Philip Gawn.

After trading in a fairly narrow range all week, the dollar finished in London at DM1.3973, from DM1.4198 on Thursday.

The tone for a weaker dollar had already been set earlier in the day by Mr Johann Wilhelm Gaddum, the Bundesbank vice-president. He warned against mechanistic market assumptions of a further fall in official German interest rates, simply because the repo rate was on a downward path.

Mr Gaddum's comments helped the D-Mark which finished stronger against most European currencies. Against the lira, which has weakened steadily ahead of the referendum on Sunday, it closed at LI.167 from LI.161.

Sterling fell in tandem with the dollar, closing at DM2.2342 from DM2.255. Against the dollar it finished at \$1.599 from \$1.5883.

Mr Gaddum's comments, coupled with the Japanese rumours, unsettled bond and equity markets, and this was reflected across the spectrum of interest rate maturities.

Analysts said the dollar took its lead from the fall in US

at Chemical Bank in London, said the market remained fairly negative towards the dollar, and the rumours had simply provided an excuse for some selling.

Aggressive position taking, however, was limited by caution in the aftermath of the recent round of central bank intervention, and the proximity of the G7 summit next week, which may produce an initiative to bolster the dollar.

The tankan survey released in Japan had little currency impact. Although weak, it was

## Dollar

DM per \$

1.40

1.42

1.44

1.46

1.48

1.50

1.52

1.54

1.56

1.58

1.60

1.62

1.64

1.66

1.68

1.70

1.72

1.74

1.76

1.78

1.80

1.82

1.84

1.86

1.88

1.90

1.92

1.94

1.96

1.98

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2.06

2.08

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## Sterling

\$ per £

1.60

1.62

1.64

1.66

1.68

1.70

1.72

1.74

1.76

1.78

1.80

1.82

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## D-Mark

FF per DM

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## POUND SPOT FORWARD AGAINST THE DOLLAR

Jun 9

Closing mid-point

Change on day

Bid/offer spread

Days' mid low

One month Rate %PA

Three months Rate %PA

One year Rate %PA

Bank of England Index

Europe (Sch)

Austria (Sch)

Belgium (FF)

Denmark (DKK)

Finland (FIM)

France (FF)

Germany (DM)

Greece (Dr)

Ireland (Ir£)

Italy (L)

Luxembourg (Lfr)

Netherlands (fl)

Norway (Nkr)

Portugal (Esc)

Spain (Pta)

Sweden (Skr)

Switzerland (Sfr)

UK (Sterling)

USA (Dollar)

Americas (Peso)

Brazil (R\$)

Canada (C\$)

Mexico (New Peso)

USA (Dollar)

Pacific/Middle East/Africa

Australia (A\$)

Hong Kong (HK\$)

India (Rupee)

			1992	1991	1990	1989
<b>Windsor Investment Funds Ltd - Cont'd.</b>						
<b>Windsor Investment Funds</b>						
Windsor Canadian Fund	5	CE	104.3	109.6	+4.40	6.14
Windsor International Fund	5	CE	105.1	110.5	+4.60	4.95
Windsor U.S. Fund	5	CE	107.0	109.8	+2.85	6.17

[illegible]

NFI Investment Managers (1400N)		0177		-620 4360	
48 Greenwich St, ECP 3-41		114.7		-23.0	
NFI Alternatives Off V	-54	105.26	112.6	-6.0	0.7
NFI European Acc V	-54	122.3	120.1	-0.6	0.0
NFI Europe Off V	-54	114.7	112.6	-2.1	0.0
NFI Fnd Estd Off V	-54	182.1	194.8	-2.50	0.00
NFI Fnd Estd Off V	-54	180.1	191.9	-2.50	0.00
NFI Global Core Acc V	-54	75.96	86.81	-4.13	1.07
NFI Global Core Off V	-54	75.96	76.71	-0.40	0.00
NFI Global Divd Acc V	-54	132.01	140.52	-8.48	1.05
NFI Global Divd Off V	-54	101.77	106.52	-7.26	1.16
NFI Global Divd Off V	-54	101.77	106.52	-7.26	1.16
NFI LPA Off V	-54	365.65	378.3	-8.00	2.64

[illegible]

Newtion Food Wings Ltd (2200F)					
71 Queen Victoria St, Downs EC4V 4AP			Dossier 0500 440000		
Private Client 0500 550000			Partner 0500 460000		
Price Emergency Payments 0500 330000					
Standard	6	118,944	125.89	-1.06	0.06
Standard H	6	68,837	62.12	-	-
Standard L	6	94,541	100.89	-0.70	2.09
Foundation	6	95,862	101.93	-4.49	-
General	6	198,448	217.51	-1.18	0.21
Global	6	314,654	338.89	-2.88	-
Greenwich	6	125,331	133.32	-2.84	2.52
Highly Volatile Inc.	6	27,562	29.27	-0.20	-
High Income Acc.	6	10,000	10.00	-	-
High Income	6	200,332	247.15	-1.01	3.32
Intangible	6	118,129	125.88	-	2.45
Newtion Food Wings Ltd Financial Managers					
Dossier: 0500 514300			Dossier: 0500 430001		
American British Inv Acc	6	37.44	40.04	-0.27	0.28
American British Tr Acc	6	37.73	40.35	-0.27	0.28
American British Tr Acc	6	85,076	92,075	-0.97	0.50
Client Acc	6	66.17	69.67	-0.67	0.26

ington Guich	0	24.94	25.71	-0.43	-
ington Tech Acc	0	50.02	54.14	-4.08	2.28
Do Income	0	47.48	50.75	-3.27	1.29
Do Expenses	0	23.47	24.47	-0.99	0.43
Unsettled Depos Acc	0	149.1	189.0	-1.7	0.23
Do Income	0	145.8	155.7	-1.6	0.23
Do Expenses	0	74.4	77.4	-3.0	0.13
Smelter Co	6	33.06	35.37	-2.31	0.23
GR Growth Inc	0	25.24	28.06	-2.81	0.27
<b>Royal Securities Accounts</b>					
Do Income	0	75.00	81.00	-6.00	0.55
Do Expenses	0	73.25	84.88	-11.63	1.78
Do Income	0	73.12	78.20	-5.08	1.78
Do Expenses	0	76.30	81.80	-5.50	1.27
Do Income	0	69.29	74.10	-4.81	0.77
<b>Northern Rock Unit Trusts Ltd (0505)F</b>					
Bulwer House, Regent Court, Gosforth					
Monmouth way Type H23 H25					
Rock Manager	0	70.1	105.1	-35.0	12.06

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Barclay Week, Volumes	RE27 95A	01/26 799828
Emerging Asia Inc. 541	222.10	240.70 -270.00
Emerging Asia Inc. 541	221.58	238.80 -278.00
Emergence 541	274.20	294.00 -280.00
Emergence 541	273.50	287.40 -239.00
Gold Trust Acc 541	89.07	79.97 -60.00
Gold Trust Inc 541	88.42	74.29 -774.00
Long Hong Acc 541	161.18	175.00 -125.00
Long Hong Acc 541	149.24	140.90 -110.57
Mid MRP PEP Acc 541	88.46	73.54 -847.19
Mid MRP PEP Inc 541	83.05	67.74 -828.19
Mid MRP PEP Inc 541	100.00	107.50 -80.00
Mid MRP PEP Inc 541	89.80	100.00 -120.00

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## FT Surveys

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on ( +44 171 ) 873 4378 for more details.

[illegible]

	Selling Price	Buying Price	+ or -	Yield
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Abbey Life Assurance Co Ltd

**Conts - Contd.**

**United Life Assurance Co Ltd** - General

**Edmont** 

**Edinburgh Food Mags PLC**

and Interest Fund	329.8	348.00	-2.70	-
International Fd	389.9	412.80	-1.20	-
Money Fund	255.0	268.90	-	-

by Ser 1	131.5	131.4	-0.5	-	Page
by Ser 2	548.4	577.3	+0.5	-	Page
by Ser J	107.9	107.9	+0.1	-	Page

Revenues	745.5	732.5	+1.70	-	General
Operating Profits	150.6	158.6	+0.10	-	Property
Net Income	148.2	156.0	+0.90	-	Dividend

100	827.7	902.2	1	1
50	167.7	176.5	1	1

**Glasgow Investment Managers Ltd**

Fixed Int. Acc.	694.6	731.1	-
Fixed Int. Acc. to	1270.0	1336.6	-

cas Prophone  
Fonda

336.8	354.8	-18.0	Managed
217.8	231.7	-13.9	Tax Exempt
148.1	155.9	-7.8	State Bonds

339.3	380.6	-	-	-
174.8	185.3	-	-	-
135.0	143.5	-	-	-

Property May 31	200,000	214,171	7.26
Equity May 31	1198.25	1197.15	3.13

\* Available only to Local Authorities.

Acc.	5018.2	2844.1	-12.9	-
Edg. Acc.	918.7	988.5	-3.5	-
Acc.	3389.5	3367.9	-18.9	-

1980-81	126.9	133.6	-2.9	-	Global
1981-82	109.8	115.4	-0.6	-	Global

	248.69	250.00		-	International
2.	108.88	112.52		-	Dollar Fund
Inv.	230.43	244.72		-	Credit Fund

554.2	598.5	-2.5	
401.2	424.5	-1.9	
272.2	272.2	0.0	

to Accom	2778.23	2219.46	---	2.92
Arranged Exempt Jan 8.	163.70	165.21	---	3.87
to Appan	100.78	171.97	---	2.57

Prize Account	168.0	174.8	-0.6	-
Redeemed Prize Account	678.1	713.8	-4.2	-
Prize Account	210.1	221.2	-1.8	-

Pd	204.3	215.9	---	---	America
and Pd	204.5	215.3	---	---	CCM Pd
Pd	207.8	222.8	---	---	CCM V

7	1086	1146	
8	725	943	

106.7	175.8	1.45	-
332.1	348.6	0.53	
124.3	130.9	0.52	

2 Addiscombe Road, Croydon CR9 5AZ 0181-660 7172  
 Contribution \_\_\_\_\_ 89.2 84.0 +0.1 7.8

San Pan Fd	224.15	236.95	-1.07	-
Est Pan Fd	167.12	175.92	-1.10	-

London EC3	0171-293 7600	Stirling Property Management
94.84	+0.80	-

1988.9	1989.9	-1.0	University of
214.8	226.0	-1.0	University of
214.8	226.0	-1.0	University of

198.5	198.4	198.3	198.2	198.1	198.0	197.9	197.8	197.7	197.6	197.5	197.4	197.3	197.2	197.1	197.0	196.9	196.8	196.7	196.6	196.5	196.4	196.3	196.2	196.1	196.0	195.9	195.8	195.7	195.6	195.5	195.4	195.3	195.2	195.1	195.0	194.9	194.8	194.7	194.6	194.5	194.4	194.3	194.2	194.1	194.0	193.9	193.8	193.7	193.6	193.5	193.4	193.3	193.2	193.1	193.0	192.9	192.8	192.7	192.6	192.5	192.4	192.3	192.2	192.1	192.0	191.9	191.8	191.7	191.6	191.5	191.4	191.3	191.2	191.1	191.0	190.9	190.8	190.7	190.6	190.5	190.4	190.3	190.2	190.1	190.0	189.9	189.8	189.7	189.6	189.5	189.4	189.3	189.2	189.1	189.0	188.9	188.8	188.7	188.6	188.5	188.4	188.3	188.2	188.1	188.0	187.9	187.8	187.7	187.6	187.5	187.4	187.3	187.2	187.1	187.0	186.9	186.8	186.7	186.6	186.5	186.4	186.3	186.2	186.1	186.0	185.9	185.8	185.7	185.6	185.5	185.4	185.3	185.2	185.1	185.0	184.9	184.8	184.7	184.6	184.5	184.4	184.3	184.2	184.1	184.0	183.9	183.8	183.7	183.6	183.5	183.4	183.3	183.2	183.1	183.0	182.9	182.8	182.7	182.6	182.5	182.4	182.3	182.2	182.1	182.0	181.9	181.8	181.7	181.6	181.5	181.4	181.3	181.2	181.1	181.0	180.9	180.8	180.7	180.6	180.5	180.4	180.3	180.2	180.1	180.0	179.9	179.8	179.7	179.6	179.5	179.4	179.3	179.2	179.1	179.0	178.9	178.8	178.7	178.6	178.5	178.4	178.3	178.2	178.1	178.0	177.9	177.8	177.7	177.6	177.5	177.4	177.3	177.2	177.1	177.0	176.9	176.8	176.7	176.6	176.5	176.4	176.3	176.2	176.1	176.0	175.9	175.8	175.7	175.6	175.5	175.4	175.3	175.2	175.1	175.0	174.9	174.8	174.7	174.6	174.5	174.4	174.3	174.2	174.1	174.0	173.9	173.8	173.7	173.6	173.5	173.4	173.3	173.2	173.1	173.0	172.9	172.8	172.7	172.6	172.5	172.4	172.3	172.2	172.1	172.0	171.9	171.8	171.7	171.6	171.5	171.4	171.3	171.2	171.1	171.0	170.9	170.8	170.7	170.6	170.5	170.4	170.3	170.2	170.1	170.0	169.9	169.8	169.7	169.6	169.5	169.4	169.3	169.2	169.1	169.0	168.9	168.8	168.7	168.6	168.5	168.4	168.3	168.2	168.1	168.0	167.9	167.8	167.7	167.6	167.5	167.4	167.3	167.2	167.1	167.0	166.9	166.8	166.7	166.6	166.5	166.4	166.3	166.2	166.1	166.0	165.9	165.8	165.7	165.6	165.5	165.4	165.3	165.2	165.1	165.0	164.9	164.8	164.7	164.6	164.5	164.4	164.3	164.2	164.1	164.0	163.9	163.8	163.7	163.6	163.5	163.4	163.3	163.2	163.1	163.0	162.9	162.8	162.7	162.6	162.5	162.4	162.3	162.2	162.1	162.0	161.9	161.8	161.7	161.6	161.5	161.4	161.3	161.2	161.1	161.0	160.9	160.8	160.7	160.6	160.5	160.4	160.3	160.2	160.1	160.0	159.9	159.8	159.7	159.6	159.5	159.4	159.3	159.2	159.1	159.0	158.9	158.8	158.7	158.6	158.5	158.4	158.3	158.2	158.1	158.0	157.9	157.8	157.7	157.6	157.5	157.4	157.3	157.2	157.1	157.0	156.9	156.8	156.7	156.6	156.5	156.4	156.3	156.2	156.1	156.0	155.9	155.8	155.7	155.6	155.5	155.4	155.3	155.2	155.1	155.0	154.9	154.8	154.7	154.6	154.5	154.4	154.3	154.2	154.1	154.0	153.9	153.8	153.7	153.6	153.5	153.4	153.3	153.2	153.1	153.0	152.9	152.8	152.7	152.6	152.5	152.4	152.3	152.2	152.1	152.0	151.9	151.8	151.7	151.6	151.5	151.4	151.3	151.2	151.1	151.0	150.9	150.8	150.7	150.6	150.5	150.4	150.3	150.2	150.1	150.0	149.9	149.8	149.7	149.6	149.5	149.4	149.3	149.2	149.1	149.0	148.9	148.8	148.7	148.6	148.5	148.4	148.3	148.2	148.1	148.0	147.9	147.8	147.7	147.6	147.5	147.4	147.3	147.2	147.1	147.0	146.9	146.8	146.7	146.6	146.5	146.4	146.3	146.2	146.1	146.0	145.9	145.8	145.7	145.6	145.5	145.4	145.3	145.2	145.1	145.0	144.9	144.8	144.7	144.6	144.5	144.4	144.3	144.2	144.1	144.0	143.9	143.8	143.7	143.6	143.5	143.4	143.3	143.2	143.1	143.0	142.9	142.8	142.7	142.6	142.5	142.4	142.3	142.2	142.1	142.0	141.9	141.8	141.7	141.6	141.5	141.4	141.3	141.2	141.1	141.0	140.9	140.8	140.7	140.6	140.5	140.4	140.3	140.2	140.1	140.0	139.9	139.8	139.7	139.6	139.5	139.4	139.3	139.2	139.1	139.0	138.9	138.8	138.7	138.6	138.5	138.4	138.3	138.2	138.1	138.0	137.9	137.8	137.7	137.6	137.5	137.4	137.3	137.2	137.1	137.0	136.9	136.8	136.7	136.6	136.5	136.4	136.3	136.2	136.1	136.0	135.9	135.8	135.7	135.6	135.5	135.4	135.3	135.2	135.1	135.0	134.9	134.8	134.7	134.6	134.5	134.4	134.3	134.2	134.1	134.0	133.9	133.8	133.7	133.6	133.5	133.4	133.3	133.2	133.1	133.0	132.9	132.8	132.7	132.6	132.5	132.4	132.3	132.2	132.1	132.0	131.9	131.8	131.7	131.6	131.5	131.4	131.3	131.2	131.1	131.0	130.9	130.8	130.7	130.6	130.5	130.4	130.3	130.2	130.1	130.0	129.9	129.8	129.7	129.6	129.5	129.4	129.3	129.2	129.1	129.0	128.9	128.8	128.7	128.6	128.5	128.4	128.3	128.2	128.1	128.0	127.9	127.8	127.7	127.6	127.5	127.4	127.3	127.2	127.1	127.0	126.9	126.8	126.7	126.6	126.5	126.4	126.3	126.2	126.1	126.0	125.9	125.8	125.7	125.6	125.5	125.4	125.3	125.2	125.1	125.0	124.9	124.8	124.7	124.6	124.5	124.4	124.3	124.2	124.1	124.0	123.9	123.8	123.7	123.6	123.5	123.4	123.3	123.2	123.1	123.0	122.9	122.8	122.7	122.6	122.5	122.4	122.3	122.2	122.1	122.0	121.9	121.8	121.7	121.6	121.5	121.4	121.3	121.2	121.1	121.0	120.9	120.8	120.7	120.6	120.5	120.4	120.3	120.2	120.1	120.0	119.9	119.8	119.7	119.6	119.5	119.4	119.3	119.2	119.1	119.0	118.9	118.8	118.7	118.6	118.5	118.4	118.3	118.2	118.1	118.0	117.9	117.8	117.7	117.6	117.5	117.4	117.3	117.2	117.1	117.0	116.9	116.8	116.7	116.6	116.5	116.4	116.3	116.2	116.1	116.0	115.9	115.8	115.7	115.6	115.5	115.4	115.3	115.2	115.1	115.0	114.9	114.8	114.7	114.6	114.5	114.4	114.3	114.2	114.1	114.0	113.9	113.8	113.7	113.6	113.5	113.4	113.3	113.2	113.1	113.0	112.9	112.8	112.7	112.6	112.5	112.4	112.3	112.2	112.1	112.0	111.9	111.8	111.7	111.6	111.5	111.4	111.3	111.2	111.1	111.0	110.9	110.8	110.7	110.6	110.5	110.4	110.3	110.2	110.1	110.0	109.9	109.8	109.7	109.6	109.5	109.4	109.3	109.2	109.1	109.0	108.9	108.8	108.7	108.6	108.5	108.4	108.3	108.2	108.1	108.0	107.9	107.8	107.7	107.6	107.5	107.4	107.3	107.2	107.1	107.0	106.9	106.8	106.7	106.6	106.5	106.4	106.3	106.2	106.1	106.0	105.9	105.8	105.7	105.6	105.5	105.4	105.3	105.2	105.1	105.0	104.9	104.8	104.7	104.6	104.5	104.4	104.3	104.2	104.1	104.0	103.9	103.8	103.7	103.6	103.5	103.4	103.3	103.2	103.1	103.0	102.9	102.8	102.7	102.6	102.5	102.4	102.3	102.2	102.1	102.0	101.9	101.8	101.7	101.6	101.5	101.4	101.3	101.2	101.1	101.0	100.9	100.8	100.7	100.6	100.5	100.4	100.3	100.2	100.1	100.0	99.9	99.8	99.7	99.6	99.5	99.4	99.3	99.2	99.1	99.0	98.9	98.8	98.7	98.6	98.5	98.4	98.3	98.2	98.1	98.0	97.9	97.8	97.7	97.6	97.5	97.4	97.3	97.2	97.1	97.0	96.9	96.8	96.7	96.6	96.5	96.4	96.3	96.2	96.1	96.0	95.9	95.8	95.7	95.6	95.5	95.4	95.3	95.2	95.1	95.0	94.9	94.8	94.7	94.6	94.5	94.4	94.3	94.2	94.1	94.0	93.9	93.8	93.7	93.6	93.5	93.4	93.3	93.2	93.1	93.0	92.9	92.8	92.7	92.6	92.5	92.4	92.3	92.2	92.1	92.0	91.9	91.8	91.7	91.6	91.5	91.4	91.3	91.2	91.1	91.0	90.9	90.8	90.7	90.6	90.5	90.4	90.3	90.2	90.1	90.0	89.9	89.8	89.7	89.6	89.5	89.4	89.3	89.2	89.1	89.0	88.9	88.8	88.7	88.6	88.5	88.4	88.3	88.2	88.1	88.0	87.9	87.8	87.7	87.6	87.5	87.4	87.3	87.2	87.1	87.0	86.9	86.8	86.7	86.6	86.5	86.4	86.3	86.2	86.1	86.0	85.9	85.8	85.7	85.6	85.5	85.4	85.3	85.2	85.1	85.0	84.9	84.8	84.7	84.6	84.5	84.4	84.3	84.2	84.1	84.0	83.9	83.8	83.7	83.6	83.5	83.4	83.3	83.2	83.1	83.0	82.9	82.8	82.7	82.6	82.5	82.4	82.3	82.2	82.1	82.0	81.9	81.8	81.7	81.6	81.5	81.4	81.3	81.2	81.1	81.0	80.9	80.8	80.7	80.6	80.5	80.4	80.3	80.2	80.1	80.0	79.9	79.8	79.7	79.6	79.5	79.4	79.3	79.2	79.1	79.0	78.9	78.8	78.7	78.6	78.5	78.4	78.3	78.2	78.1	78.0	77.9	77.8	77.7	77.6	77.5	77.4	77.3	77.2	77.1	77.0	76.9	76.8	76.7	76.6	76.5	76.4	76.3	76.2	76.1	76.0	75.9	75.8	75.7	75.6	75.5	75.4	75.3	75.2	75.1	75.0	74.9	74.8	74.7	74.6	74.5	74.4	74.3	74.2	74.1	74.0	73.9	73.8	73.7	73.6	73.5	73.4	73.3	73.2	73.1	73.0	72.9	72.8	72.7	72.6	72.5	72.4	72.3	72.2	72.1	72.0
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<b>Estimated Average Salaries</b> <b>for 1912, by Month</b>		
Jan.	172.25	172.71
Feb.	172.25	172.01
Mar.	172.25	172.01
Apr.	172.25	172.01
May	172.25	172.01
June	172.25	172.01
July	172.25	172.01
Aug.	172.25	172.01
Sept.	172.25	172.01
Oct.	172.25	172.01
Nov.	172.25	172.01
Dec.	172.25	172.01
<b>Total</b>	<b>172.25</b>	<b>172.01</b>

	Selling Price	Buying Price	+ or -
100 shares of ABC stock @ \$100 per share	\$10,000	\$9,800	\$200
100 shares of XYZ stock @ \$100 per share	\$10,000	\$9,700	\$300
100 shares of DEF stock @ \$100 per share	\$10,000	\$9,600	\$400
100 shares of GHI stock @ \$100 per share	\$10,000	\$9,500	\$500
100 shares of JKL stock @ \$100 per share	\$10,000	\$9,400	\$600
100 shares of MNO stock @ \$100 per share	\$10,000	\$9,300	\$700
100 shares of PQR stock @ \$100 per share	\$10,000	\$9,200	\$800
100 shares of STU stock @ \$100 per share	\$10,000	\$9,100	\$900
100 shares of VWX stock @ \$100 per share	\$10,000	\$9,000	\$1,000
100 shares of YZA stock @ \$100 per share	\$10,000	\$8,900	\$1,100
100 shares of BCD stock @ \$100 per share	\$10,000	\$8,800	\$1,200
100 shares of EFG stock @ \$100 per share	\$10,000	\$8,700	\$1,300
100 shares of HIJ stock @ \$100 per share	\$10,000	\$8,600	\$1,400
100 shares of KLM stock @ \$100 per share	\$10,000	\$8,500	\$1,500
100 shares of NOP stock @ \$100 per share	\$10,000	\$8,400	\$1,600
100 shares of QRS stock @ \$100 per share	\$10,000	\$8,300	\$1,700
100 shares of TUV stock @ \$100 per share	\$10,000	\$8,200	\$1,800
100 shares of WXY stock @ \$100 per share	\$10,000	\$8,100	\$1,900
100 shares of ZAB stock @ \$100 per share	\$10,000	\$8,000	\$2,000
100 shares of CDE stock @ \$100 per share	\$10,000	\$7,900	\$2,100
100 shares of FGH stock @ \$100 per share	\$10,000	\$7,800	\$2,200
100 shares of IJK stock @ \$100 per share	\$10,000	\$7,700	\$2,300
100 shares of LMN stock @ \$100 per share	\$10,000	\$7,600	\$2,400
100 shares of OPQ stock @ \$100 per share	\$10,000	\$7,500	\$2,500
100 shares of RST stock @ \$100 per share	\$10,000	\$7,400	\$2,600
100 shares of UVW stock @ \$100 per share	\$10,000	\$7,300	\$2,700
100 shares of XYZ stock @ \$100 per share	\$10,000	\$7,200	\$2,800
100 shares of ABC stock @ \$100 per share	\$10,000	\$7,100	\$2,900
100 shares of DEF stock @ \$100 per share	\$10,000	\$7,000	\$3,000
100 shares of GHI stock @ \$100 per share	\$10,000	\$6,900	\$3,100
100 shares of JKL stock @ \$100 per share	\$10,000	\$6,800	\$3,200
100 shares of MNO stock @ \$100 per share	\$10,000	\$6,700	\$3,300
100 shares of PQR stock @ \$100 per share	\$10,000	\$6,600	\$3,400
100 shares of STU stock @ \$100 per share	\$10,000	\$6,500	\$3,500
100 shares of VWX stock @ \$100 per share	\$10,000	\$6,400	\$3,600
100 shares of YZA stock @ \$100 per share	\$10,000	\$6,300	\$3,700
100 shares of BCD stock @ \$100 per share	\$10,000	\$6,200	\$3,800
100 shares of EFG stock @ \$100 per share	\$10,000	\$6,100	\$3,900
100 shares of HIJ stock @ \$100 per share	\$10,000	\$6,000	\$4,000
100 shares of KLM stock @ \$100 per share	\$10,000	\$5,900	\$4,100
100 shares of NOP stock @ \$100 per share	\$10,000	\$5,800	\$4,200
100 shares of QRS stock @ \$100 per share	\$10,000	\$5,700	\$4,300
100 shares of TUV stock @ \$100 per share	\$10,000	\$5,600	\$4,400
100 shares of WXY stock @ \$100 per share	\$10,000	\$5,500	\$4,500
100 shares of ZAB stock @ \$100 per share	\$10,000	\$5,400	\$4,600
100 shares of CDE stock @ \$100 per share	\$10,000	\$5,300	\$4,700
100 shares of FGH stock @ \$100 per share	\$10,000	\$5,200	\$4,800
100 shares of IJK stock @ \$100 per share	\$10,000	\$5,100	\$4,900
100 shares of LMN stock @ \$100 per share	\$10,000	\$5,000	\$5,000
100 shares of OPQ stock @ \$100 per share	\$10,000	\$4,900	\$5,100
100 shares of RST stock @ \$100 per share	\$10,000	\$4,800	\$5,200
100 shares of UVW stock @ \$100 per share	\$10,000	\$4,700	\$5,300
100 shares of XYZ stock @ \$100 per share	\$10,000	\$4,600	\$5,400
100 shares of ABC stock @ \$100 per share	\$10,000	\$4,500	\$5,500
100 shares of DEF stock @ \$100 per share	\$10,000	\$4,400	\$5,600
100 shares of GHI stock @ \$100 per share	\$10,000	\$4,300	\$5,700
100 shares of JKL stock @ \$100 per share	\$10,000	\$4,200	\$5,800
100 shares of MNO stock @ \$100 per share	\$10,000	\$4,100	\$5,900
100 shares of PQR stock @ \$100 per share	\$10,000	\$4,000	\$6,000
100 shares of STU stock @ \$100 per share	\$10,000	\$3,900	\$6,100
100 shares of VWX stock @ \$100 per share	\$10,000	\$3,800	\$6,200
100 shares of YZA stock @ \$100 per share	\$10,000	\$3,700	\$6,300
100 shares of BCD stock @ \$100 per share	\$10,000	\$3,600	\$6,400
100 shares of EFG stock @ \$100 per share	\$10,000	\$3,500	\$6,500
100 shares of HIJ stock @ \$100 per share	\$10,000	\$3,400	\$6,600
100 shares of KLM stock @ \$100 per share	\$10,000	\$3,300	\$6,700
100 shares of NOP stock @ \$100 per share	\$10,000	\$3,200	\$6,800
100 shares of QRS stock @ \$100 per share	\$10,000	\$3,100	\$6,900
100 shares of TUV stock @ \$100 per share	\$10,000	\$3,000	\$7,000
100 shares of WXY stock @ \$100 per share	\$10,000	\$2,900	\$7,100
100 shares of ZAB stock @ \$100 per share	\$10,000	\$2,800	\$7,200
100 shares of CDE stock @ \$100 per share	\$10,		

## 2.6. Life

[illegible]

Managed Fd	827.90	828
Abtrust MEG	509.16	535

[illegible]

-1.22	-	Balanced Fund (Acc)	70
-0.15	-	Balanced Port Fd (Dapt)	70

[illegible]

105.5	-1.0	-	Japan
107.1	-1.1	-	Pacific
108.1	-2.0	-	Protected Equity

[illegible]

87.5	85.0	-1.7	-	Global Ac
101.8	107.0	-5.0	-	Global Ex
104.5	110.3	-5.8	-	Global Pr

1767	1768	1769	1770	1771	1772	1773	1774	1775	1776	1777	1778	1779	1780	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827	1828	1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862	1863	1864	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220
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2	588.9	638.9	7-12	1
3	584.3	637.7	7-11	1
3	582.6	637.1	7-10	1

1917	2117	-62
1918	2117	-62
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2044	2117	-62
2045	2117	-62
2046	2117	-62
2047	2117	-62
2048	2117	-62

[illegible]

姓名	性别	年龄	籍贯	职业	文化程度	政治面貌	健康状况	婚姻状况	子女情况	其他
王德胜	男	45	山东	工人	小学	党员	良好	已婚	2子1女	
李秀英	女	38	河北	农民	初中	团员	良好	已婚	1子1女	
张国强	男	52	河南	干部	高中	党员	良好	已婚	2子1女	
刘小红	女	28	江苏	教师	大学	党员	良好	已婚	1子1女	
陈为民	男	40	浙江	商人	小学	无党派	良好	已婚	2子1女	
赵大刚	男	35	湖北	工人	初中	团员	良好	已婚	1子1女	
孙丽娟	女	32	湖南	护士	高中	党员	良好	已婚	1子1女	
周永年	男	58	四川	农民	小学	无党派	良好	已婚	2子1女	
吴小芳	女	25	广东	学生	大学	团员	良好	未婚	无子女	
郑为民	男	42	安徽	干部	高中	党员	良好	已婚	2子1女	
冯大刚	男	30	江西	工人	初中	团员	良好	已婚	1子1女	
李秀英	女	35	福建	教师	大学	党员	良好	已婚	1子1女	
张国强	男	48	广西	商人	小学	无党派	良好	已婚	2子1女	
刘小红	女	22	贵州	学生	高中	团员	良好	未婚	无子女	
陈为民	男	38	云南	工人	初中	团员	良好	已婚	1子1女	
赵大刚	男	55	陕西	农民	小学	无党派	良好	已婚	2子1女	
孙丽娟	女	30	甘肃	护士	高中	党员	良好	已婚	1子1女	
周永年	男	45	宁夏	干部	高中	党员	良好	已婚	2子1女	
吴小芳	女	28	青海	学生	大学	团员	良好	未婚	无子女	
郑为民	男	32	新疆	工人	初中	团员	良好	已婚	1子1女	
冯大刚	男	40	内蒙古	商人	小学	无党派	良好	已婚	2子1女	
李秀英	女	35	吉林	教师	大学	党员	良好	已婚	1子1女	
张国强	男	48	辽宁	干部	高中	党员	良好	已婚	2子1女	
刘小红	女	22	黑龙江	学生	高中	团员	良好	未婚	无子女	
陈为民	男	38	河北	工人	初中	团员	良好	已婚	1子1女	
赵大刚	男	55	山东	农民	小学	无党派				

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

## Money Market Trust Funds



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MANAGED FUNDS NOTES	
Paid-up as to income taxes, including federal and state taxes, and as to capital gains taxes.	
Funds' values for an investor's account.	
These funds share information from public subject matter sources on the net.	
Investment performance is not guaranteed. The regulatory authority for these funds are:	
1. California Investment Securities Commission	
2. Federal Reserve Bank of San Francisco	
3. New York State Department of Banking	
4. Federal Reserve Bank of New York	
5. Federal Reserve Bank of Cleveland	
6. Federal Reserve Bank of Minneapolis	
7. Federal Reserve Bank of Kansas City	
8. Federal Reserve Bank of St. Louis	
9. Federal Reserve Bank of Chicago	
10. Federal Reserve Bank of Atlanta	
11. Federal Reserve Bank of Dallas	
12. Federal Reserve Bank of Houston	
13. Federal Reserve Bank of Miami	
14. Federal Reserve Bank of New Orleans	
15. Federal Reserve Bank of Philadelphia	
16. Federal Reserve Bank of Richmond	
17. Federal Reserve Bank of San Antonio	
18. Federal Reserve Bank of San Diego	
19. Federal Reserve Bank of San Francisco	
20. Federal Reserve Bank of Seattle	
21. Federal Reserve Bank of St. Paul	
22. Federal Reserve Bank of Tampa	
23. Federal Reserve Bank of Washington	
24. Federal Reserve Bank of Wichita	
25. Federal Reserve Bank of Cincinnati	
26. Federal Reserve Bank of Cleveland	
27. Federal Reserve Bank of Dallas	
28. Federal Reserve Bank of Denver	
29. Federal Reserve Bank of Detroit	
30. Federal Reserve Bank of Kansas City	
31. Federal Reserve Bank of Louisville	
32. Federal Reserve Bank of Memphis	
33. Federal Reserve Bank of Milwaukee	
34. Federal Reserve Bank of Minneapolis	
35. Federal Reserve Bank of New Orleans	
36. Federal Reserve Bank of New York	
37. Federal Reserve Bank of Philadelphia	
38. Federal Reserve Bank of Pittsburgh	
39. Federal Reserve Bank of Portland	
40. Federal Reserve Bank of San Antonio	
41. Federal Reserve Bank of San Diego	
42. Federal Reserve Bank of San Francisco	
43. Federal Reserve Bank of Seattle	
44. Federal Reserve Bank of St. Paul	
45. Federal Reserve Bank of Tampa	
46. Federal Reserve Bank of Washington	
47. Federal Reserve Bank of Wichita	
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53. Federal Reserve Bank of Kansas City	
54. Federal Reserve Bank of Louisville	
55. Federal Reserve Bank of Memphis	
56. Federal Reserve Bank of Milwaukee	
57. Federal Reserve Bank of Minneapolis	
58. Federal Reserve Bank of New Orleans	
59. Federal Reserve Bank of New York	
60. Federal Reserve Bank of Philadelphia	
61. Federal Reserve Bank of Pittsburgh	
62. Federal Reserve Bank of Portland	
63. Federal Reserve Bank of San Antonio	
64. Federal Reserve Bank of San Diego	
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137. Federal Reserve Bank of Tampa	
138. Federal Reserve Bank of Washington	
139. Federal Reserve Bank of Wichita	
140. Federal Reserve Bank of Cincinnati	
141. Federal Reserve Bank of Cleveland	
142. Federal Reserve Bank of Dallas	
143. Federal Reserve Bank of Denver	
144. Federal Reserve Bank of Detroit	
145. Federal Reserve Bank of Kansas City	
146. Federal Reserve Bank of Louisville	
147. Federal Reserve Bank of Memphis	
148. Federal Reserve Bank of Milwaukee	
149. Federal Reserve Bank of Minneapolis	
150. Federal Reserve Bank of New Orleans	
151. Federal Reserve Bank of New York	
152. Federal Reserve Bank of Philadelphia	
153. Federal Reserve Bank of Pittsburgh	
154. Federal Reserve Bank of Portland	
155. Federal Reserve Bank of San Antonio	
156. Federal Reserve Bank of San Diego	
157. Federal Reserve Bank of San Francisco	
158. Federal Reserve Bank of Seattle	
159. Federal Reserve Bank of St. Paul	
160. Federal Reserve Bank of Tampa	
161. Federal Reserve Bank of Washington	
162. Federal Reserve Bank of Wichita	
163. Federal Reserve Bank of Cincinnati	
164. Federal Reserve Bank of Cleveland	
165. Federal Reserve Bank of Dallas	
166	

**Rumours**

AAR 15%  $\pm$  15

[illegible]

\_\_\_\_\_

Year	Share	Change	Dividend
1951	25	-12	10
1952	23	-8	10
1953	21	-9	10
1954	20	-5	10
1955	19	-5	10
1956	18	-5	10
1957	17	-6	10
1958	16	-6	10
1959	15	-6	10
1960	14	-7	10
1961	13	-7	10
1962	12	-8	10
1963	11	-9	10
1964	10	-9	10
1965	9	-10	10
1966	8	-11	10
1967	7	-12	10
1968	6	-13	10
1969	5	-14	10
1970	4	-15	10
1971	3	-16	10
1972	2	-17	10
1973	1	-18	10
1974	0	-19	10
1975	0	-20	10
1976	0	-21	10
1977	0	-22	10
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1983	0	-28	10
1984	0	-29	10
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1999	0	-44	10
2000	0	-45	10
2001	0	-46	10
2002	0	-47	10
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2016	0	-61	10
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2018	0	-63	10
2019	0	-64	10
2020	0	-65	10
2021	0	-66	10
2022	0	-67	10
2023	0	-68	10
2024	0	-69	10
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2040	0	-85	10
2041	0	-86	10
2042	0	-87	10
2043	0	-88	10
2044	0	-89	10
2045	0	-90	10
2046	0	-91	10
2047	0	-92	10
2048	0	-93	10
2049	0	-94	10
2050	0	-95	10
2051	0	-96	10

low down in

Item	Price	Item	Price
100 lbs. of	1.00	100 lbs. of	1.00
50 lbs. of	.50	50 lbs. of	.50
25 lbs. of	.25	25 lbs. of	.25
10 lbs. of	.10	10 lbs. of	.10
5 lbs. of	.05	5 lbs. of	.05
1 lb. of	.01	1 lb. of	.01
1/2 lb. of	.005	1/2 lb. of	.005
1/4 lb. of	.0025	1/4 lb. of	.0025
1/8 lb. of	.00125	1/8 lb. of	.00125
1/16 lb. of	.000625	1/16 lb. of	.000625
1/32 lb. of	.0003125	1/32 lb. of	.0003125
1/64 lb. of	.00015625	1/64 lb. of	.00015625
1/128 lb. of	.000078125	1/128 lb. of	.000078125
1/256 lb. of	.0000390625	1/256 lb. of	.0000390625
1/512 lb. of	.00001953125	1/512 lb. of	.00001953125
1/1024 lb. of	.000009765625	1/1024 lb. of	.000009765625
1/2048 lb. of	.0000048828125	1/2048 lb. of	.0000048828125
1/4096 lb. of	.00000244140625	1/4096 lb. of	.00000244140625
1/8192 lb. of	.000001220703125	1/8192 lb. of	.000001220703125
1/16384 lb. of	.0000006103515625	1/16384 lb. of	.0000006103515625
1/32768 lb. of	.00000030517578125	1/32768 lb. of	.00000030517578125
1/65536 lb. of	.000000152587890625	1/65536 lb. of	.000000152587890625
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1/4294967296 lb. of	.0000000000023283064365386963984375	1/4294967296 lb. of	.0000000000023283064365386963984375
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1/17179869184 lb. of	.000000000000582076609134674099609375	1/17179869184 lb. of	.000000000000582076609134674099609375
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1/68719476736 lb. of	.00000000000014551915228366852490234375	1/68719476736 lb. of	.00000000000014551915228366852490234375
1/137438953472 lb. of	.000000000000072759576141834262451171875	1/137438953472 lb. of	.000000000000072759576141834262451171875
1/274877906944 lb. of	.0000000000000363797880709171312255859375	1/274877906944 lb. of	.0000000000000363797880709171312255859375
1/549755813888 lb. of	.00000000000001818989403545856561279296875	1/549755813888 lb. of	

■ **CAC-40** (200 x Index)

1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354
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## WORLD STOCK MARKETS

17

## AMERICA

## Rumours hit bonds, and Dow follows

## Wall Street

Declining bond prices and renewed fears about the state of the US economy conspired to send share prices lower yesterday, writes Lisa Brannen in New York.

At 1pm the Dow Jones Industrial Average was 36.86 lower at 4,221.22, while the Standard & Poor's 500 shed 4.52 at 527.83. The American Stock Exchange composite fell 1.08 at 488.54 and the Nasdaq composite lost 3.23 at 882.90. NYSE volume was 197m shares.

Bonds tumbled amid rumours - denied by Tokyo - that Japan might retaliate against US trade sanctions by encouraging investors to stop buying US bonds. Around 1pm the benchmark 30-year Treasury was off more than a point to yield 6.87.

Both the stock and bond markets have sent the end of

this week reassessing economic assumptions made at the end of last week after data on employment and factory production were weaker than most economists expected.

Stocks and bonds rallied as traders bet that the Federal Reserve would lower interest rates to restart the slowing economy, but both markets have come off their highs this week. In part because Mr Alan Greenspan, chairman of the Fed, told reporters he was not worried about recession.

There was little reaction from shares to figures from the Labor Department showing the overall Producer Price Index unchanged in May after a 0.5 per cent increase in April. Economists had forecast a rise of 0.3 per cent.

There was a sharp sell-off in interest-rate sensitive shares such as banks. J.P. Morgan, which is a component of the Dow, lost 1 1/4 at \$69, Bankers

Trust slid 1 1/4 at \$91.18, Chemical Banking slid \$1 at \$44 and Chase Manhattan Bank lost 1 1/4 at \$44.

Falling issues in the Dow included Philip Morris, off 1 1/4 at \$70.4, Goodyear Tire & Rubber, which was 1 1/4 lower at \$41.6, General Electric, 1 1/4 at \$55.6, and DuPont 1 1/4 at \$68.

Prices were mixed on the Nasdaq composite, which has risen and fallen all week on the heels of the ups and downs of its many technology companies. Microsoft gained 3 1/4 at \$84.4 and America Online gained 1 1/4 at \$38, while Intel slipped 3 1/4 at \$13.4 and Broadband Software lost 1 1/4 at \$50.4.

Rubbermaid dropped more than 13 per cent or \$4 at \$29.9 after the company said second quarter earnings would probably be lower than analysts' projections and those for the same period last year because of higher plastic resin prices.

## Latin America

Renewed uncertainty over Argentina's finances, and concerns over Venezuela's foreign debt payments weighed on the region.

SAO PAULO dropped 3.6 per cent in nervous midday trading, the Bovespa index losing 1,385 at 36,902 on speculative selling. Worries mounted after news that the Venezuelan government was holding talks with some creditors to refinance its foreign debt, because of the state's difficult financial position. In CARACAS, ironically, the Merivest composite index closed only 0.82, or 0.9 per cent lower at 89.54.

Buenos Aires traders were expecting trouble, with Argentine bonds trading more than three per cent weaker in New York before the Argentine equity market opened. They were not disappointed, the

Merval index showing a fall of 8.53, or 2.1 per cent at 388.49 early in the session.

MEXICO CITY followed Wall Street down, the IPC index shedding 19.28 at 1,980.45 after two hours of trading.

## Canada

Toronto was weak in midday trading, in line with Wall Street, with the TSE-300 Composite index 15.10 lower at 4,484.80 in volume of 34.6m shares.

Analysts noted, however, that worries over the outlook for US short term interest rates were partially countered by a favourable reaction to the conservative landslide victory in Thursday's Ontario election.

Diamond Fields Resources rose 2 1/4 to C\$67.4, rebounding from heavy losses earlier in the week after selling a 25 per cent stake in its Labrador metal find to Inco.

## Dublin moves to sever its ties with London

John Murray Brown on prospects for Irish equities

While politicians grapple with the challenge of bringing peace to Ulster, a fairly ancient monument to Anglo-Irish co-operation is about to be dismantled - in the financial services sector, where the 200-year-old link between the London and Dublin stock exchanges is about to come to an end.

Dublin's move to sever its ties with the London market was prompted by European Union regulations that all member states regulate their own exchanges.

The Dail, or Irish parliament, passed a bill last week to implement the move. The President, Mr Mary Robinson, is expected to sign it in the next few days. A new company to regulate the exchange has been drawn up, although its members have not yet been named. An Irish takeover panel has been established, headed by an eminent senior counsel.

The market seems well placed to handle the change. The ISQ overall index hit successive peaks in each of the five sessions ending last Thursday, at 1,952.26, down 7.82 last night, it was on a prospective p/e of 9.4 for 1995 and a yield of 3.5 per cent; Mr Paul Burke, director of international sales at Davy, the Dublin stockbroker, says that he is selling the cheapest market, and the fastest growing economy in Europe.

The Irish economy was never a very close proxy for Irish equities but it is bowling along, with gross domestic product growing by around 5 per cent a year, faster than any other EU economy for the past 3 years. Interest rates remain low, and public finances are in good shape.

Moreover, the peace process has lifted an invisible cloud from Dublin's financial markets. Already Ulster Television and other Northern concerns have sought listings in Dublin and there is some expectation that more will follow.

The dis-linking, brokers point out, is less dramatic than it would appear. Dublin has negotiated a unique "dual pri-

mary listing" status for Irish companies which are currently listed on the London exchange. The Irish authorities are bending over backwards to stress that nothing will change.

Mr Tom Healy, chief executive of the Stock Exchange, says: "There was a view that the separation would harm Irish equities, but in reality the changes will be minimal. We're not trying to play down our links with London but we want them to be understood."

Yet the Irish are generally uncomfortable with their "dual nationality", when it comes to corporate identity. Exchange risk, the small size of the Dublin market, the lack of liquidity, and question marks about regulation are all issues which

But as government officials are the first to concede, perceptions are often what drive markets as much as realities.

With the split, some of these problems will likely get worse before they get better. In some respects Irish stocks have fallen between two stools. Unlike Guinness - which has long had British domicile despite projecting itself as an Irish product - the current crop of Irish industrials suffer from this ill-defined parentage.

The two big banks, AIB and Bank of Ireland, Smurfit, the paper company and CRH in industrials enjoy an overwhelming weight in the index. These four concerns account for half of the market capitalisation of around £13.7bn (\$22.1bn) and a rather large slice of trading volume, recently around £25m (\$40m) a day.

Both CRH and Smurfit derive a large proportion of earnings outside Ireland. Non-Irish institutions account for around 40 per cent of CRH - a figure which was even higher until the recent decision by Cartmore, the fund manager, to reduce its CRH holding. Smurfit, too, has been making efforts to spread its investor base and is issuing an ADR (American Depositary Receipt) in the US later this year.

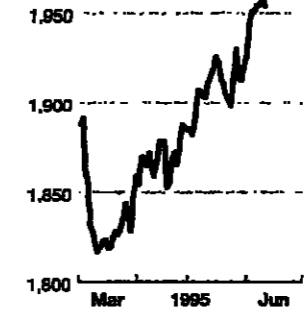
Yet both companies trade at a significant discount to their UK and international peers.

Many brokers believe there needs to be a push to encourage more local companies to come to the market in the retail and hotel sectors which, until now, have been largely unrepresented. As one investment banker puts it: "If government showed as much attention to the exchange as it currently directs to the new International Financial Services Centre, things would be much better."

However, no one is expecting a rush of new issues. Much to the annoyance of Dublin's small corporate finance community, 1995 looks like being the worst year for new issues since 1992, when new funding fell to £165m sterling.

## Republic of Ireland

## ISEQ Overall Index



Source: Datastream

## EUROPE

## Paris drops another 2.8% after late pressure

Late afternoon weakness in bonds and futures hit an already ailing Paris equity market, and turned a moderate decline in Frankfurt into a sizeable loss, writes Our Markets Staff.

PARIS, pressured during late trading, saw the CAC-40 index lose 54.17, or 2.8 per cent at 1,997.02, a week's decline of 3.7 per cent. Turnover was active at FF4.7bn.

Alcatel Alsthom was heavily traded on rumours, subsequently denied by the company, that its dividend would be cut this year. It ended down FF27 or 5.6 per cent at FF493. The shares have been affected in recent months by a succession of negative stories, and brokers remarked that the company was particularly vulnerable to rumours.

Eurotunnel fell following a report, later confirmed, that GAN, the insurance group, had sold a large stake, estimated at just under 1 per cent. Eurotunnel closed at a new all-time low, off 75 centimes or 5 per cent at FF214.

Suez dropped FF19.90 at FF258, after a volatile week on rumours that BNP and UAP

## FT-SE Actuaries Share Indices

Jun 9	THE EUROPEAN SERIES									
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close		
FT-SE Eurotrack 100	1362.77	1362.21	1361.52	1359.62	1359.19	1360.82	1361.20	1369.31		
FT Eurotrack 200	1426.89	1426.27	1426.27	1424.50	1424.10	1424.35	1427.09	1429.00		



## LONDON STOCK EXCHANGE

## MARKET REPORT

## Big losses in bonds unsettle equity market

By Steve Thompson, UK Stock Market Editor

The absence of further substantial takeover moves, and the emergence of a series of scare stories in bond markets, gave equity marketmakers the excuse they were looking for to hit shares prices.

Equity markets across Europe were already suffering from another downward move in debt prices. As a result of a sudden bout of scare stories suggesting that the Japanese authorities were about to implement restrictions on Japanese purchases of US bonds, bonds and gilts came under intense selling pressure and the weakness quickly

spilled over into equities. The Japanese moves, so the market talk went, were in retaliation to the US ban on Japanese car imports.

The FT-SE 100 index closed the session a net 43.1 lower at 3,337.7, leaving it 7.3 down on the week, while the FT-SE Mid 250 index ended 19.2 off at 3,678.9, 4.4 higher over the five-day period.

The scare stories, which also hit the dollar, were quickly denied by Japanese sources and were not taken too seriously by equity market traders, but nevertheless still managed to wreck substantial damage across markets.

"The stories put the frighteners on the market, but to be fair the UK

market has long been seen as due something of a correction. Despite the burst of bid stories on Thursday, it has been increasingly difficult to unearth institutional buyers of equities in recent days," said one senior stockbroker.

He also noted that spurious market rumours always tended to emerge on Friday afternoons, when attendances on trading desks are low.

Sentiment in London was also affected by a generally negative reaction in the financial press to the Zeneca takeover speculation that gripped the market on Thursday. However, many traders still believe that the heavy demand for Zeneca

stock was an indication that some form of corporate activity may yet develop.

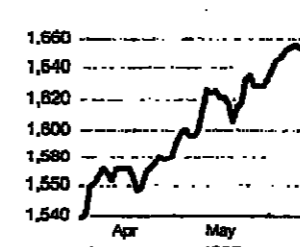
The Footsie opened on a weak note, down almost 12 points, and affected by the overnight fall in the Dow Jones Industrial Average on Wall Street. Selling was never heavy, but dealers said the market suffered from pockets of selling in various areas, notably the financials, where banks were hit by worries about the low level of new mortgage lending and insurances by poor results announced on Thursday from Bradfordstock. The day's most important economic news, unchanged producer

prices for last month in the US, against a consensus forecast of up 0.3 per cent, caused no real damage to the market with the Footsie virtually flat, but not subject to any sizeable selling pressure.

The picture changed dramatically in mid-afternoon, however, when the bond slide gathered momentum and the Dow fell over 40 points at one stage. The FT-SE 100 was down 45.2 at 3,335.6 at its worst, before staging a modest rally. Two hours after London closed the Dow was again showing a 40-points plus decline.

Turnover increased to 660.8m shares, with non-Footsie stocks accounting for almost two-thirds.

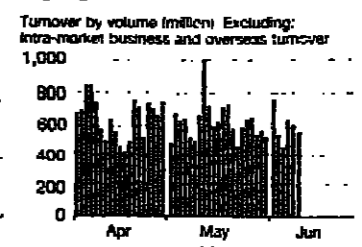
## FT-SE-A All-Share Index



Source: FT Graphics 1995

Indices and ratios		
FT-SE Mid 250	3678.9	-19.2
FT-SE-A 350	1660.2	-18.5
FT-SE-A All-Share	1641.32	-17.16
FT-SE-A All-Share yield	3.96	(3.92)
FT Ordinary index	2512.4	-33.5
FT-SE-A Non Fins p/e	16.71	(16.84)
FT-SE 100 Fut Jun	3340.0	-42.0
10 yr Gilt yield	8.15	(7.92)
Long gilt/equity yield ratio:	2.08	(2.05)

## Equity shares traded



Turnover by volume (millions) excluding inter-market business and overseas turnover

FT-SE 100 Index	
Closing index for June 5.....	3337.7
Change over week.....	-7.3
June 8.....	3380.8
June 7.....	3370.8
June 6.....	3380.0
June 5.....	3376.6
High*	3395.0
Low*	3335.6
Intra-day high and low for week	

## TRADING VOLUME IN MAJOR STOCKS

Vol	Chg	Vol	Chg
000s	Day's price	000s	Day's price
BP	182 367	Lloyds	507 108
ABDA Group	7,000 885	M&P	107 107
Anglo American	25,000 1,175	M&P	107 107
Anglo Fluor	84 41b	M&P	107 107
Anglo Petroleum	2,000 440	M&P	107 107
Anglo Water	1,000 340	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
Anglo Zinc	2,000 440	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
Anglo Zinc	2,000 440	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
Anglo Zinc	2,000 440	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
Anglo Zinc	2,000 440	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
Anglo Zinc	2,000 440	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
Anglo Zinc	2,000 440	M&P	107 107
Anglo Zinc	415 44a	M&P	107 107
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TRUSTS SPLIT CAPITAL

**INVESTMENT TRUSTS - Contd.**

	Index	Price	% Chg
Planning Overseas	290	307	
Foreign & Col	1393	143	
For & Col Easy Mkt	1743	120	
Warrants	87	61	
For C of Col 2070	1722	2300	
For C of Col	2007	2004	
For & Col Spec	1200	130	
Warrants	30	30	
For & Col High	80	87	
For & Col Spec Swt	1000	110	
Do. Warrants	20	20	
For & Col PEP	151	157	
For & Col PEP	120	40	
For & Col PEP	400	40	
For & Col PEP	100	100	
For & Col US Smt	100	100	
Warrants	30	30	

French Prop	79	52
Warrants	10	14

[illegible]

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971) using a Shimadzu 1601 UV-Visible Spectrophotometer. The concentration of chlorophyll was expressed in  $\mu\text{g mL}^{-1}$ .

[illegible]

Warrants	27 1/2	27 1/2
Flightwest Group Inc	28 1/2	28 1/2

[illegible]

Warrants _____	32 _____	43 _____
per Euro Strike _____	82 _____	88 _____

Aluminum Income	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
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**INVESTMENT COMPANIES - Cont.****OIL EXPLORATION & PRODUCTION - Cont****PROPERTY****SPIRITS, WINES & CIDERS****TRANSPORT - Cont**[illegible][illegible]

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# Weekend FT

There has been an explosion in higher education in Britain in the 1990s and former polytechnics have shouldered much of the burden. Peter Aspden explains

## Welcome to the new university

The first thing one has to say about Mike Fitzgerald is that he does not look much like a university vice-chancellor. With an unfashionably ostentatious Rod Stewart haircut and an earring dangling from his left ear, only the sharp suit distinguishes him from the ageing-hippy sociology lecturers who inhabit the novels of Malcolm Bradbury and who so vexed the sensibilities of the Conservative right from the 1960s onwards.

After spending a couple of hours in his company, the visual impression is reinforced. In many respects he does not sound much like a vice-chancellor either. As we walked round the main campus of Thames Valley University, Fitzgerald pointed to one of the lifts. "It's no use taking those, we'd be quicker walking up the stairs."

I asked why, and he explained that when he took over, the university was spending £120,000 a year on lift maintenance, a figure he regarded as unacceptably high. "So I decided to slow the lifts down to the legal minimum speed. Now nobody uses them, and we hardly spend anything on maintenance."

Welcome to the parsimonious, yet ever-improvisatory world of the new university, and one of its canniest vice-chancellors.

Thames Valley's principal building is tucked away behind Ealing Broadway at the west end of London Underground's Central line. A blue plaque on the wall invokes the name of Lady Byron but there is little romance in the air. Instead the students milling round the entrance look purposeful, eager. Many of them are paying their own way through university, and have little time to cultivate the studied insouciance of popular stereotype.

The busy air extends inside Thames Valley's learning resource centre, the newly-

refurbished core of the campus. Here, we are in the middle of what one might call the politically correct university: induction loops for the deaf in every seminar room, specially redesigned doorways and corridors for the disabled, a Moslem prayer room.

Security is unobtrusive but tight. The personal safety of the students is an important issue. When Fitzgerald took over, £20,000 worth of equipment was "walking out" every week.

He travelled to Heathrow to consult the company in charge of El Al's security, which devised a new system for him. Now even he has to wear a lapel badge at all times: hard indeed to imagine in the front

quad of Christ Church.

Thames Valley University is not one of the traditional names of British higher education. Less than five years ago, it consisted of four separate colleges, which were unified to form the Polytechnic of West London in the summer of 1991. Just a year later, along with all the country's polytechnics, it was granted university status and changed its name yet again.

If the period of transition seems indecently hasty, it is hardly the institution's fault. For it has fallen on the so-called "new universities" to absorb much of the extraordinary expansion of higher education in Britain which has

increase by 53 per cent between 1985 and 1994.

They have led the way in providing new types of education - the teaching of "transferable skills" in the "wired-up campus", to use two of the most frequently-used phrases of the moment - to sectors of the population that would not have dreamed of a university education 10 years ago.

Many members of the old university establishment snigger at the new universities, the Thames Valleys, the Lutons, the Bournemouths. Tasteless jokes abound. Why did they build a wheelchair ramp at so-and-so university? To relax the previous entrance requirement, which was that you should be able to walk through

the door.

But there is an undeniable buzz about the new universities, a conviction in the muscular language used by their vice-chancellors that they represent the future. They are a world away from Britain's most enduring higher education stereotypes, the Sauternes-and-strawberries languor of *Brideshead Revisited* and the assorted idlers, fruitcakes and leftist conspirators so beloved of Bradbury and David Lodge.

Today's new university vice-chancellor is more likely to express himself in the robust terminology of the managerial bullet point than in the arcane subtleties of scholarly discourse. He is an integral part of, not a detached

observer from, a pretty tough world.

Fitzgerald is aware that Thames Valley does not quite fit the mould of the traditional university; indeed he plays up to it. Even the institution's mission statement (yes, these have spread to universities too) makes an uncharacteristically stark commitment to "mass participation in higher education as a contribution to equality and social justice".

This might be compared to Oxford University's almost-

disdainful contribution to the genre: "The first of a number of University aims is to ensure that its standing as a world-class university is maintained and enhanced in both teaching and research."

There are 22,000 students at Thames Valley, 65 per cent of whom are part-time, and they can register for any qualification available in further and higher education. Forty-five per cent are not on degree courses. Fitzgerald eschews the metaphor of a "ladder of learning", preferring the more complex image of a ship's rigging.

"Divisions according to qualification don't really mean very much to the students themselves." He proudly quotes the example of a student who came into the university to do a City and Guilds Level One course in pastry-making, and left with an MBA. There would have been no room for that student, he adds, in the old, elite university system, with its inflexible demand for respectable A-level grades. "We are seeing the evolution of that system into one of mass participation, and it is the new universities which are raising all the subsequent issues."

The issue of how to teach, for example, Fitzgerald thinks the "industrial" model of lecturing to groups of students is becoming increasingly irrelevant in an age when new technologies can be exploited. He has devised a system at Thames Valley which uses every type of medium - video, CD-Rom, CD-interactive - to connect students with their course work, and each other.

He describes it as a mixture of the Oxbridge tutorial system ("you meet your tutor, and then you are left alone to seek out the relevant books, journals, staff and students and that is what we do here") and the flexible, modular system developed so successfully by the Open University.

The emphasis on the possibilities opened up by the "wired-up campus", however, also allows universities to avoid the issue of student-staff ratios. These have worsened dramatically as the rise in student numbers has failed to be matched by a corresponding increase in lecturers. David Triesman, general secretary of the Association of University Teachers, which represents lecturers in the old universities, thinks this automatically signals a decline in the quality of the student experience.

"The problem is nothing to do with the staff or the quality of their work, but that the amount spent on each student, the unit of resource, has been driven down by over a third in five years. There is no question that students today are not

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**NEXT WEEK**  
Pensioners who threaten the world economy



Joe Rogaly

## Grim prognosis for NHS

Labour would face the same intractable facts about public spending

If you think Labour will radically improve the National Health Service, forget it. Support the people's party or even the Liberal Democrats if you must. If you are disgruntled but temperamentally unable to vote anything other than Conservative, sit at home. Whichever you choose, do not kid yourself. Not voting Tory means you are helping to kick them out. Fine, but do not entertain high expectations of government under that nice Tony Blair. Be realistic. Get your disappointment in early.

Disappointment? The outlook for the health service is instructive. A set of proposals for the NHS's national policy forum in Reading this week-end. The expectation is that when everything said today and tomorrow is boiled down to an election manifesto it will amount to a series of possibly welcome adjustments to the dodgy quasi-market system installed by the present government. These small mercies will add up to small change unless accompanied by large amounts of money.

Let us talk about money for a moment. In 1979-80, the fiscal year before Lady Thatcher became prime minister, the outgoing Labour administration spent £22.4bn on health. I take the figure from Treasury statistics; the original cash

amount has been adjusted for inflation. The estimate for the year to April 5 1995 is £37.2bn, in real terms.

There you have it. At a 1997 election John Major will be able to boast that since 1979 his party has fattened the health care budget by an additional two-thirds of its original real value. Pretty good, eh? As a share of gross domestic product, public spending on health rose by a full percentage point, to 5.6 per cent, over the same period.

It will be difficult for the Labour leader to match that record, and just about impossible for him to improve on it. Mr Blair will not make any election promises that contain the tiniest hint that taxes will be increased. If he wants to win a second time he will spend tightly and tax sparingly. In his recent Maastricht lecture he undertook to stand by the Conservative commitment to a low level of inflation.

In short, NHS professionals may huff and puff, nurses may march, and doctors may throw their stethoscopes in the air, but total outlays will increase no faster under the next prime minister than under the present one.

That means any Labour health secretary - for argument's sake, Margaret Beckett - could quickly become as unpopular as the Tories' Virginia Bottomley is today. The

NHS is a politician-destroying machine. Enoch Powell, one of the more perspicacious health ministers, taught us that 30 years ago. Care is free at the point of use, yet potential demand is infinite. The Treasury controls the supply. Health practitioners therefore have a direct interest in maintaining a chorus of protest about how awful the service is, how cash-starved, how

Care is free at the point of use, yet potential demand is infinite

cruel to patients. They did so, loudly, when Labour was in charge before 1979 and they will do so, at full volume, after 1997, whether or not Labour gets in then.

That is not to say there is nothing Mr Blair can do. He can try to humanise the Tory reforms, perhaps iron out some of their wrinkles. Their introduction was accompanied by a few additional billions to ease the way. Not good enough. The purchaser-provider split, for all its theatrical attractiveness, is often clumsy in practice. The public

is deeply suspicious of "spreadsheet medicine", as Geoffrey Glazer, senior consultant at St Mary's, Paddington, calls the infamous additional management procedures.

His contribution to a compendium of medical opinions to be published by the IBA Health and Welfare Unit on Monday is as trenchant as you might expect from such an elevated figure at so distinguished a London hospital. "Patients... are seen as business opportunities and attempts are made by marketing departments to lure these patients from one hospital to another," he writes.

Others are equally biting. Two of them attest that money does not follow the patient, as the government said it would. The patient has to scramble after the money. "Indeed it is now a moot point to whom a patient 'belongs'," writes Ramish Laing, a consultant working in Wales. "The consultant is directed by the provider when to see them in the clinic and by the purchaser via the contracting department when to operate on them irrespective of clinical need."

Getting a patient on to a waiting list and admitted had become an obstacle course. "An audit of one unit's admission process found 24 different steps were now required before the patient could be

sent for." Two GPs, Gillian and Ben Fitzgerald, tell of a chart published by the Hertfordshire Health Agency which shows 28 specialities at 37 different hospitals serving patients of non-fundholding general practitioners in the county. Other contributors confirm that managers prefer patients - "customers" - who are cheap to cure, and enhance the spreadsheet bottom line.

All of this would be familiar to everyone save, perhaps, Mrs Bottomley. Labour has its opportunity for attack spread out before it. That may help it fight the election. So what? If it wins, it will be stuck with a basic-standard NHS at a time when a swelling middle class - new voters, perhaps, for new Labour - demands more.

They will only get it if they pay for it, either through private insurance, or on an increased range of NHS charges. That is the direction in which any government, afraid to tax but harassed over health care provision, will be obliged to travel before the decade is out.

It may reasonably be objected that the effect would be that the poor would be less well cared-for than others. True. But in the post-communist world, who ever says anything about equality? \*2 Lord North St, London SW1P 3LB

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## PERSPECTIVES

It is not a condition of employment to be able to juggle if you work at Beard Enterprises Ltd - but it helps. Only a handful of the 20 employees of the company that claims to be Britain's largest specialist manufacturer of juggling equipment have yet to master the skill - but that is only because they are new to the fast-growing company.

"You might say juggling is catching," said the founder and managing director of the business, Michael Gregg.

Gregg - he is known by all, including his bank manager and the Inland Revenue as "H" - took up juggling in the early 1980s as a form of stress therapy to help him cope with the demands of being engineering manager for a large computer company in Milton Keynes.

The juggling helped - but he eventually left to take up a lower paid but less stressful job teaching electronics at a college in Halifax, West Yorkshire. Two years later, in 1989, he found himself self-employed for the first time doing the job that he is convinced he was put on this earth for - running a company manufacturing juggling equipment.

"This job has got everything," said Gregg, 44, who runs the company with his wife and co-director Polly, ably supported in the holidays by their four children.

They have recently been joined by Stephen Jolly and Colin Milton, the two directors of the erstwhile Absolute Circus Products company of Hordsham. Gregg describes them as "former collaborators rather than competitors" and they have merged their product range with his.

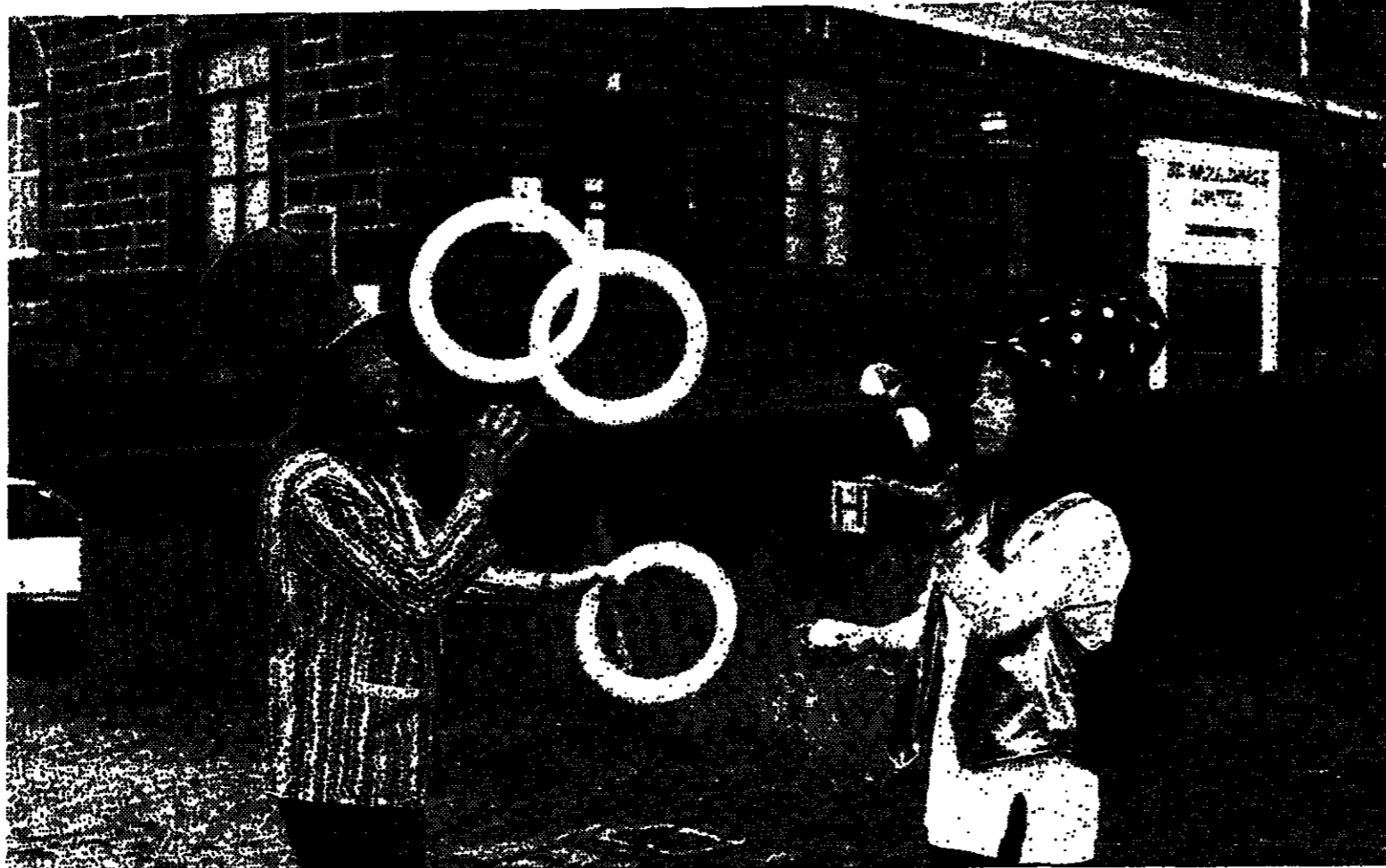
Earlier this year, Jolly and Milton moved to Gregg's headquarters in a converted woolen mill in Hebden Bridge, West Yorkshire, where they are spearheading sales activities, especially the drive to sell juggling equipment to the corporate market.

"The job has all the challenges I like," said Gregg. "We have taken on all the foreign competition that was selling into this country until we started, there is the opportunity to design and set up all the machines we need; there is the marketing - something I specialise in - and finally there is the sheer fun of being in the world of juggling and making all our own products."

"It is also fun being in this building in its magnificent hilltop site overlooking Hebden Bridge. I find it an inspirational place."

When pressed, Gregg can think of few low spots in the 5½ years since he started the company. "It was a financial setback when my first partner in the business bought himself out after 18 months but by then we were established, we had made a profit before tax of £20,000 - nearly 25 per cent of turnover - in our first year, and you could say the balls were rolling."

Since then Beard - Gregg named



An eye for business: "H" and Polly Gregg demonstrate their wares

## Minding Your Own Business

## Getting the ball rolling

Clive Fewins reports on the growth of a specialist producer of juggling equipment

the company after an ill-fated double act called the Beard Sisters he created with a male partner in the mid-1980s - has gradually extended its range of products to cover all aspects of juggling - a leisure activity that has seen a rapid rise in popularity since the mid-1980s.

Top quality Beard products are marketed as the "Radical Fish" - Gregg cannot think why he chose the name - range of clubs, diablos, devil sticks, fire torches, spinning plates, juggling rings and juggling knives. Gregg describes them as "products for serious jugglers".

These are complemented by the Beard Juggling Equipment range of similar products, to be found in gift shops and other high street outlets, as well as specialist juggling shops.

The "Absolute" range comprises the products - mainly balls and knives - made by the Sussex company with which Beard merged, and the Medium Air products are Australian-made by a former employee who started up 18 months ago in his native country and in whose operation Gregg has a 20 per cent share.

The latest venture is "The gift of juggling" - a range directly aimed at the gift trade - that Gregg is planning to sell direct to the high street through what will eventually be his own sales force, directed by Jolly and Milton.

"After five years of using wholesalers we were finding they were being squeezed on their prices by the high street and were going overseas for cheaper, inferior products," Gregg

said. "By doing our own packaging and selling direct we think we can counter this."

For this reason, sales reached a plateau at the end of 1994 with a turnover of £400,000 - the same as the previous year. Gregg is confident, however, that by the end of this year - in which Beard has merged with Absolute - sales will hit £750,000. "We are looking for 50 per cent per annum in new turnover through new products and new markets," he said.

"The other growth is expected to come in the corporate market. We have a new range of heavy juggling balls with steel shot in them aimed at providing exercise for executives."

"We are already producing several ranges of balls with company logos on them designed as giveaways or pro-

motional tools and the next stage will be juggling classes for stress relief and team-building exercises held here at the mill."

Gregg has plenty of space. From 750 sq ft in a large room in the roof of the building, he has gradually progressed to occupying 15,000 sq ft - most of one wing of the large stone building.

"Eventually we hope to buy the entire building," he said. "We would probably be unable to do this out of profits, so for the first time we would have to take a loan, in the form of a mortgage. I think I could tolerate this in order to own this rather eccentric building which I believe is an ideal home for our unusual company."

Beard Enterprises, Old Town Mill, Old Town, Hebden Bridge, West Yorkshire EX7 8TE. Tel: 01422-943672.

## Three years on / Clive Fewins

## On the right road

The biggest outside investor in Trevor Parry's one-man company saw the article about Location Maps in Weekend FT's Minding Your Own Business column 3½ years ago while on holiday in France and promptly came to see Parry on his return.

"Being a map enthusiast, like myself, Reg Valin had no problem finding me," said Parry, who works from home in Banbury, Oxfordshire, as he has done since founding the business in 1990.

Valin, the former chairman of international financial PR consultants Valin Pollen, and self-styled "business angel", agreed to put £10,000 into Location Maps, in which he remains a close interest.

Valin has not been disappointed. Although the enterprise has developed more slowly than Parry had hoped, it is poised to take off.

Parry, aged 55 and an accountant and former managing director of a local building company, produces, by arrangement with the Ordnance Survey, small full-colour sections of standard large-scale maps for clients, with the subject of the map located in the centre.

Three other maps, each enlarged to a greater degree, guide the motorist towards the subject, thus aiding drivers to locate the town, the area of the town, the road, and then the precise location of the subject.

The sets of four maps are usually printed on a pocket-sized piece of card.

"The advantage of the system is that the client's location is always in the centre of the map, so there is no need for searching, folding, crumpling, or finding oneself right on the edge of a map. It is quick, easy and accurate and also acts as a useful adjunct to the client's promotional literature," Parry said.

Many would agree with him, as since the Weekend FT article was published in

September 1991, the company's turnover has climbed steadily from £3,600 to £89,000.

Nevertheless, Location Maps registered a small loss every year until 1993, when the gross profit was £5,500. Last year it was back in the red, with a £6,000 loss, but Parry is undeterred.

"In 1994, I finally started drawing a reasonable salary, having used earnings in the early years to pay a percentage of sales to our investors and commission to our sales agents. The company also underwent a restructuring of its sales force," he said.

This was an euphemism for a swathe of cutbacks and redundancies as it might be in a large conglomerate. It means simply that Parry promoted his most successful self-employed sales agent, Michael Best, to the post of sales manager.

Although Best remains self-employed he now draws a realistic retainer, ensuring that his main efforts are directed towards pointing Location Maps in the right direction.

The strategy seems to have paid off. The company is poised to win a contract valued at £250,000 to produce maps of 100 different British Telecom sites, and the possibility of up to 750,000 maps for Leyland Daf vehicles. Its client list includes names such as Aga Rayburn, Barclays Bank, British Coal, Birds Eye Walls, Cable and Wireless, Pilkington, Powergen and Price Waterhouse.

"Our system has full patent protection so nobody else can offer the same service," Parry said.

"It has been a long slog building up the business but there have been far more ups than downs and I am confident the best is yet to come."

Location Maps, Boundary House, 1 Sycamore Drive, Banbury, Oxfordshire OX16 9HF. Tel: 01295-264160.

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## The new university

Continued from Page 1

getting what they used to get," he says.

But he concedes that the issue of teaching quality is an elusive one, and that there might be something of a gulf between the bullish talk of vice-chancellors and the grass-roots reality. "When you visit a university, the staff there go to any lengths to show you that things are going very well. It is not always the case."

Tony Wood, vice-chancellor of the University of Luton, says the slurs which question standards of teaching at the new universities are ill-founded, pointing to the part-time visits paid by "hit squads" from two separate quangos, the Higher Education Funding Council and the Higher Education Quality Council, which ensure that standards are maintained.

He says that a first class degree from Luton is different, not worse than the equivalent from Oxford University. "Our emphasis is vocational, we are equipping people for life. You might get a greater intellectual challenge elsewhere, but we are doing something different."

Did he accept the Rolls-Royce/Mini analogy of the old and new universities' functions? "Not at all. I think we are like different brands of baked beans."

Luton is the newest university in England, having expanded its full-time undergraduate numbers from 300 to 9,000 in three years. Wood describes it as a "stressful time" but one that has rewarded those members of staff who were up to the challenge: "We operate a very lean unit of resource, we have had to be fit, efficient and very aggressive in the market."

He champions the new, more flexible course structures which enable students to combine complementary subjects (say, tourism, Japanese, statistics and computing) and to play to their strengths, "which is what life is all about". You cannot, however, do a philosophy degree at Luton. "It is not what we are about," says Wood.

The brave new world of the mass university has had its victims, however. Prominent among them have been the academics, as opposed to the administrators, in both old and new universities, who find themselves with increased teaching loads, less time to do research and salaries which have fallen sharply compared

with the pay of schoolteachers and with average earnings.

The issue of research in particular is one which is causing increasing concern. The traditional image of the academic is of the heroic lone scholar, devoted to his or her students, but also to the hours of painstaking research needed to complete the epic "lifetime's work" monograph which will sell in double figures, if at all.

But in the new mass system, it is not clear that lecturers need to do any research at all. Indeed, more than 90 per cent of the grants awarded from the research councils still go to the old universities, leaving their new counterparts to hustle for cash - and some of them do it very successfully - from industry. Those who cannot hustle have to content themselves with their teaching.

Even within the old universities (which have also

responded sharply to the need for research money from non-governmental sources), there is consternation, however. The importance of the research assessment exercise, which grades every department in the country, has produced a mood compared by one professor to that of a "football transfer market".

Researchers with successful publication records, who are therefore likely to score highly in the exercise, are "sounded out" by rival universities in true head-hunting fashion. The old-fashioned virtues of the academy, such as comradeship, stability and loyalty, are going by the board.

An even more common complaint about the way the expansion of universities has been managed laments the absence of a grand strategy. Critics say that too much has been achieved in an over-hasty, piecemeal fashion, and the imperative of the market has too strongly influenced universities' behaviour.

One lecturer at a new university told me of a "typical" story: although his university did not do business administration, a course was set up from scratch within six weeks after speculative calls from prospective students provided an opportunity which was too good to miss. Admirably entrepreneurial, but just a little haphazard?

David Triesman says the very mention of the need for long-term planning is anathema in the current climate.

The DfE is engaged on a review of the aims and purposes of higher education, but many think it is five years too late. In any case, it can hardly be said to have captured the public imagination.

The level and intensity of the higher education debate in Britain has traditionally been poor, especially when compared with the US, which has lived with a mass system for much longer. Americans have, in recent years, been bombarded by best-selling books on developments in universities: Allan Bloom's *The Closing of the American Mind*, Roger Kimball's *Tenured Radicals*, to name just a couple. The British have preferred to smile knowingly at the amusing absurdities sketched out in all those campus novels.

It is hard to be unequivocally optimistic about the new university system and the thousands of students it will launch on to a job market which still reflects many of the ancient taboos and prejudices. A recent book by Richard Scase and Philip Brown, *Higher Education and Corporate Realities: Class, Culture and the Decline of Graduate Careers*, found that employers' recruitment practices still favoured traditional, middle-class graduates from the "established" universities.

But in the meantime, the hitherto stuffy world of British higher education, governed for so long by the nuanced world of liches at the Athenaeum, is being radically transformed by a new generation of movers and shakers in the common room.

Some traditions never die, however. They can just be enjoyed by more people. Listen to Tony Wood describing the queues forming outside his office block for the University of Luton's May Ball: "The tickets cost £32.50 each, which is not exactly cheap, yet the queues on the first day of sale go right round the block. It is not true that there is no sense of tradition here; there is the sense that we are creating traditions which will live on for a long time after we have gone."

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## PERSPECTIVES



It's a wrap: how the Reichstag will look once Christo and Jeanne-Claude have finished with it

## A cover-up at the Reichstag

Judy Dempsey talks to the artists who are about to wrap up a piece of German history in silver fabric

Christo and his wife Jeanne-Claude can hardly sit still. They are in a large bright room whose windows look out on to the Reichstag, once the seat of the Prussian parliament and the building which Hitler tried to burn to the ground in 1933.

The artists famous for wrapping things – the Pont Neuf in Paris among them – still find it difficult to believe that this month, their 23-year-old quest to wrap the Reichstag will finally take place.

Weather permitting, on June 23, Berliners will be able to see the shape of the Reichstag through a shimmering silver-type fabric, shaped in vertical folds and held together by bright blue ropes.

The facade will be covered by between five and seven tailor-made fabric panels which will be supported by steel cages. "I promise you, it will be very beautiful," Christo and Jeanne-Claude said almost in unison.

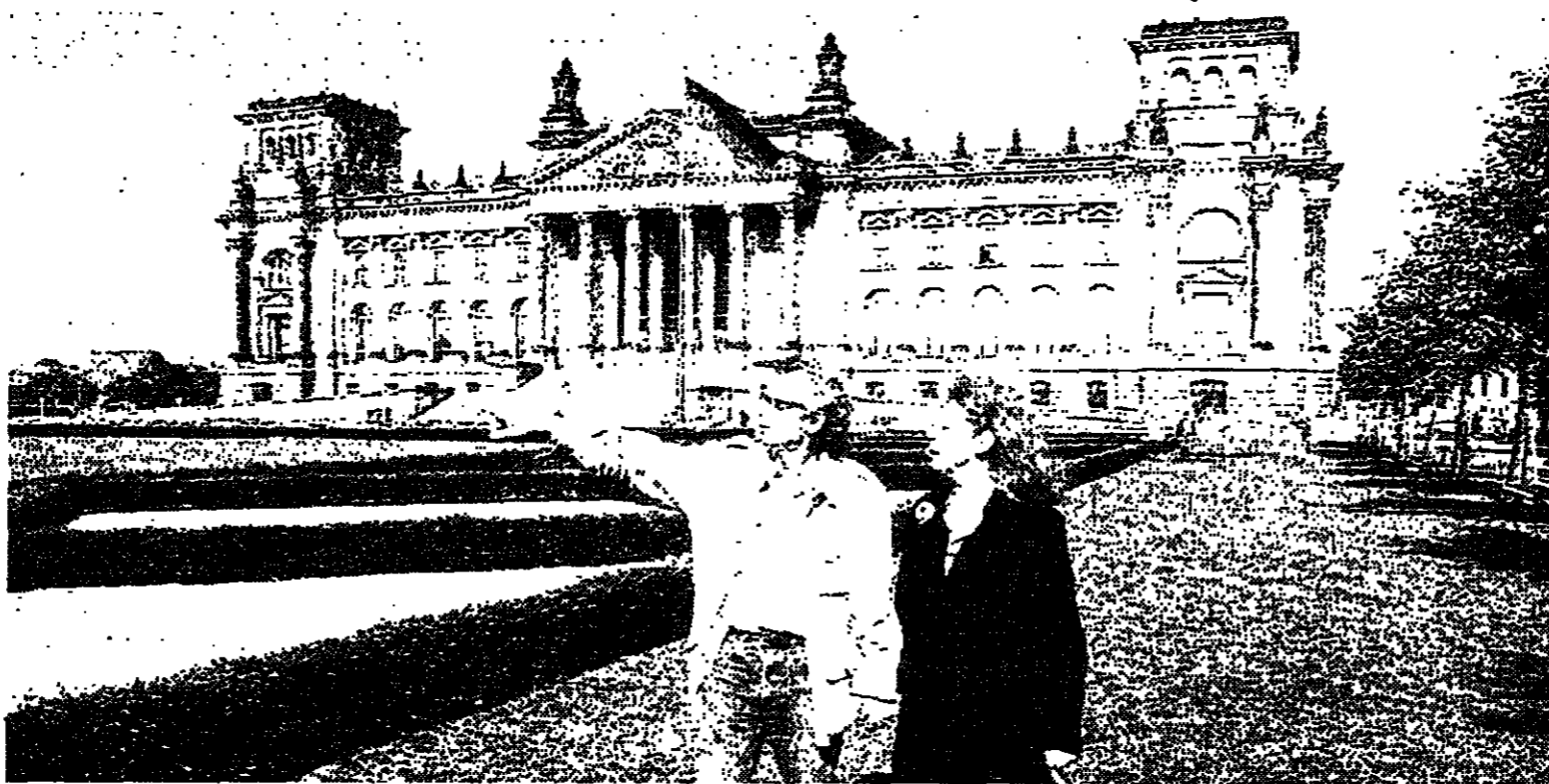
"It's like being pregnant. The waiting. The same sense of anticipation," said Christo, who in 1978, made a fence 18½ high and 24 miles long which snaked through the Sonoma and Marin counties of California, and who 10 years later wrapped the Pont Neuf in Paris.

The Christos will not forget their Pont Neuf experiences. "We had spent hundreds of thousands of dollars on it," said Jeanne-Claude. Christo continued: "And three days before we were due to do the wrapping, Jacques Chirac, who was mayor of Paris, had still not given us permission."

But of all his projects, wrapping the Reichstag has a special meaning for Christo: "We are borrowing one of the most significant spaces in the German mind," he said, recalling all the difficulties in seeking permission to wrap the building in 100,000 square metres of thick, silvery grey woven polypropylene fabric.

The plan was conceived back in 1972 when Christo did some sketches for the Reichstag. He had been living in Paris for 12 years, having left his native Bulgaria in the 1950s, where he was born in 1935.

Seeking approval from the German government proved difficult. "Twice we stopped being interested in the Reichstag project. Once in 1981, after the second refusal," said Christo. But then the late Willi Brandt, the former Chancellor and mayor of Berlin, intervened. He visited the Christos in New York. "He asked us not to abandon the idea. He said there were too many Germans dependent on this project," said Jeanne-Claude.



Just like being pregnant: Christo and Jeanne-Claude full of anticipation as their big day approaches

No official support, however, was forthcoming. The years passed by. Then, in 1991, when Christo had set up his 1,340 wonderful bright blue tall umbrellas in Japan, a German television crew asked them about the Reichstag project.

Christo recalled: "We told them that if the Germans wanted us to wrap it, let them write me a letter. And they did."

By then, Germany was united and the Berlin Wall had been down almost two years. There was a new attitude towards Christo's project among the German political establishment.

"We started lobbying again," said Christo. "The German parliamentarians were going to debate the issue. For 180 days we campaigned," he said. In all their attempts to get their project accepted, the Christos travelled to Germany 54 times between 1976 and 1995, visited 352 deputies, and over this time tried to persuade the six different presidents of the Bundestag, or parliamentary lower house.

One of the most exciting and memorable moments for Christo and Jeanne-Claude was on February 25 1994 when the German Bundestag, or parliamentary lower house, allocated 70 minutes to debate whether the controversial Reichstag should be

wrapped. The debate itself revealed the significance the Reichstag held in Germans' historical consciousness.

Elke Ebert, a Social Democrat, opposed the idea, saying the building stood for German history and could not be wrapped up. Helmut Kohl, the German Chancellor, did not warm to the idea either. And Wolfgang Schäuble, parliamentary leader of the gov-

ernment, said the Christos should be wrapped. The debate itself revealed the significance the Reichstag held in Germans' historical consciousness.

"We finance it through Christo's drawings," said Jeanne-Claude, who was born on June 13 1935, the same day as Christo, but in Casablanca. She now looks after the accounting and administration for all the projects. "Last year, when we needed money, the bankers wanted to know the value of Christo's drawings. He asked for collateral. He wanted to see our collection. So he sent a curator," she explained. The Christos obtained a line of credit.

Christo's philosophy towards wrapping the Reichstag, and his art in general, reveals a highly individualistic approach. He loathes sponsors. He refuses commissions. He rejects projects. He loves his freedom.

"We never accept commissions. The moment we accept sponsors, we lose all credibility. The Reichstag must contain the elements of integrity and freedom."

Christo warmed to his theme. "This Reichstag project and other work that I do is about freedom. Freedom is the enemy of possession. Nobody will be able to own this project. Nobody will be able to buy this project. Nobody will need tickets to see this project. There is no profit. Once the project is over, it will never come back. We move on to something else," he explained.

He paused. "The media think there's a catch. No. There is no catch. It is like being pregnant. And then you have the child, you bring it up. It's like childhood and children. You can't hold on to them. Childhood never comes back."

The Reichstag project will have a short childhood. It will be wrapped for only 14 days. Then, the 65,000kgs of fabric will be taken down and recycled, in line with Christo's philosophy that no one can own his projects.

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## Letter from Brazil

## Mountain of dreams and despair

Angus Foster finds bitterness where 80,000 once dug for gold

It is supposed to be a mountain of fabulous wealth. According to Joatildo Batista: "It's got all the gold. It's got diamonds, manganese, palladium, everything. A real treasure – and it was all created by the Lord!"

Joao is a 40-year-old father of four whose fiery eyes force you to look away to the hills behind him. Fifteen years ago, he arrived in the Brazilian gold rush town of Serra Pelada (or naked mountain) deep in the eastern Amazon.

He has never found any gold but he has never thought about leaving, either. "I came believing this was a place where I could improve my life, and I still believe that," he says.

"As a farmer in the countryside, you have no chance to give a better inheritance to your children. It is always the same for father and son."

"I didn't find any gold. It was not that I was unlucky. But the time was not right; it was not my destiny."

"This place could be so rich. We just need the government to give us the equipment and we could employ thousands of families. We could build a better future," he adds, the bitterness streaked in his voice.

Serra Pelada was "discovered" in 1979 when a farmhand showed a gold nugget he had found to the mountain's owner, Genésio da Silva. Word leaked out quickly.

By the early 1980s, Serra Pelada was occupied by 80,000 garimpeiros (wildcat miners) who dug a 300ft hole in one of the biggest gold rushes this century. Photographs, published around the world, showed muddy-faced men clambering up the side of the mine in their thousands.

According to the official figures, 49 tonnes of gold were taken out of Serra Pelada between 1980 and 1989. Unofficially, the miners smirk, much more was removed without the government ever finding out.

But the mine started to fill with water as the hole grew deeper. Once all the easy gold had been removed, the garimpeiros lacked the equipment to carry on and many left. Today, only about 8,000 remain, living 30 miles from the nearest paved road and without a doctor or ambulance.

The have almost stopped looking for new deposits and, instead, are re-working all the rock and soil dug up during the rush, hoping to find small traces of leftover gold. The original mine, once as big as a football stadium, has filled with water and is now a rust-coloured lake.

Groups with hose-pipes sluice soil and rock down the slope and store it in oil drums. They are emptied on long, wooden settling trays where the specks of gold stick to the bottom and are taken away in muddy pieces of cloth to be collected and refined.

Paulo Roberto, another of the miners, says the easy gold is almost exhausted. "All things come to an end, eventually. It's the same with the

decision. It will come. We'll wait until there is a decision," he says. The "decision", which shows no signs of coming quickly, will be made by Brazil's government and its biggest mining concern, Companhia Vale do Rio Doce.

The company, to which the garimpeiros refer with a sneer, is known best for its nearby iron ore complex at Carajás. But it is also becoming more and more interested in gold.

When Serra Pelada's secret got out, the government expropriated the area and tried in 1984 to hand it to the Vale company for commercial exploration. But when it tried to expel the garimpeiros, there was a rebellion and the miners marched on Carajás. The government has never tried again.

Agamemnon, a heavy-set garimpeiro with a short temper, explains why they want "We garimpeiros discovered the gold and we have the right to exploit it. But we cannot extract any more without investment and large scale

machinery. We want a peaceful and definitive solution. Either they give us compensation, a lot of compensation, or they help us mine it commercially with their help. The only alternative is a violent solution," he says.

The company is evaluating the area to see how much gold the garimpeiros left behind, and if the rumours of diamonds and manganese are true. But it is cautious about going back.

Antonio Carlos Lima Venâncio, of Vale's environmental division, says: "If we returned, we would be forced to accept responsibility for all that has already happened, for all the environmental damage that has already been done, and for all the recuperation of the affected areas. There would need to be enough gold there to pay for all this."

He has moved around Serra Pelada since the early 1980s and has seen all types of people, from criminals to dentists, arrive hoping to make a fortune. "I remember one guy who struck a seam and took out more than a tonne of gold. He spent all the money and is now begging. Gold contaminates your way of thinking."

The garimpeiros in Serra Pelada insist their minds have not been contaminated. But they remain driven by the same dream of riches and a better future that brought them 15 years ago – and the reality that they have no better option.

"We're going to stay until it's settled. We'll only leave with our money," says Agamemnon.

One took out more than a tonne of gold. He spent the money and is now begging.

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## The Nature of Things

## How brains fit facts to faces

Barcodes allow us to recognise each other, writes Andrew Derrington

The human face is a mine of information. A friend's familiar face distinguishes him or her from the unfamiliar passers-by. But even though you may never have seen them before, you can tell the age and sex of the other people in the street just by looking at their faces. You can also tell whether they are happy, sad or angry.

Psychologists, who investigate how we extract all this information – and particularly neuropsychologists who study how brain damage affects our ability to do so – have shown that several different brain systems are involved. Surprisingly, the crude ore from which this information is extracted is a barcode not unlike those which are found

on supermarket labels. A great deal of what we know about the perception of faces comes from the study of failures. Computers that simply compare faces with a stored image perform pretty badly in facial recognition and may completely fail to recognise someone if he changes his expression. That tells us that the brain must store information about faces in a very flexible way. Analysis of the errors people make gives us some idea of the flexibility.

The commonest errors are simply that we either fail to recognise someone we know, or that we erroneously think that a stranger is familiar. According to Andy Young of the MRC Applied Psychology Unit in Cambridge, these errors are not very interesting. They usually happen in bad lighting, or when we only glimpse the other person.

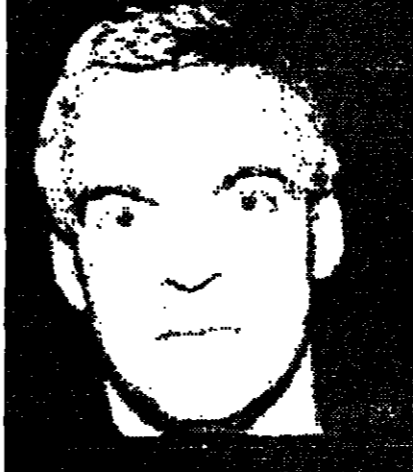
However, it is also very common to recognise a face, but not to be able to remember anything about the person except that we know them, or

to be able to remember everything about the person except their name. That suggests the visual properties of a person's face, information about their identity, and their name are all stored separately in the brain.

The mistakes that people with brain injuries make are also very informative. Very rarely, brain damage can result in the complete inability to recognise faces. People suffering from this condition, known as prosopagnosia, can see faces clearly and they can recognise other objects, but they cannot recognise faces.

A big problem in studying people with brain injuries is that they often have a wide range of deficits. In order to disentangle the underlying components of mental ability, neuropsychologists must contrast success and failure in a technique called double dissociation.

For example, people with prosopagnosia, although completely unable to recognise faces, can tell whether the faces they see are happy or



Labels: Roger Watt, his bar code and the two superimposed

sad. Other brain injuries destroy the ability to interpret the emotional information in a face, although they leave the ability to recognise faces unscathed. That double dissociation shows that recognising faces, and extracting the emotional information they contain, are separate abilities which depend on different brain systems.

According to Roger Watt, a psychologist at Stirling University who makes extensive use of computers to simulate and to study the visual system, information about the face starts its journey through the

brain in the form of a barcode. The barcode is produced in a part of the visual system that blurs the image to different degrees in order to extract the differences in light and shade caused by objects of different sizes. If you blur your eyes while reading this you will still be able to see the rough outline of the newspaper, but you will be unable to read the print, because you cannot see fine detail.

Your brain maintains several different copies of the visual image, each of them blurred to a different degree. That allows you simultaneously to read, to

see the layout of the page, and to see the newspaper and the other objects surrounding you.

While simulating the way the visual system blurs images, which is not exactly the same way you blur your eyes, Watt's research group discovered that all faces produce a pattern of five horizontal stripes in one of the blurred images, the barcode.

Different faces produce barcodes that differ in the width, position, and brightness of the stripes. These differences are sufficient to identify whether the person is male or female, and – about 85 per cent of the

time – whether they are happy or sad. Similarly, processing a face to change its barcode, even though it still leaves it looking like a face, makes it impossible to extract other information from it.

Not all the information we extract from a face is contained in the bar code, but it signals the location of the main features and tells the brain which parts of the fine-detailed images are worth scrutinising, for example the eyes. Watt is now trying to get computers to extract information from the smaller bar codes that come from these areas.

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## FOOD AND DRINK

# The best-value white in the world

Jancis Robinson on the grapes of southern France that are creating a new generation of exciting flavours

All change! It is now possible, may even, to find a whole range of inexpensive French white wines that are not Chardonnay, not Sauvignon, not Muscadet, not Cotes de Gascogne but exhibit a quite different range of exciting new flavours.

Only a year or two ago southern France had a desperate shortage of Chardonnay, a variety so fashionable and glamorous that its very name commanded a price premium. But now there is such an abundance of Chardonnay in the Languedoc that producers are having to offer new thrills.

In an intoxicatingly short period, producers and professional buyers seem to have turned their combined attentions to a galaxy of new white wine flavours which owe much to the indigenous varieties of the south of France, many of them distinctly Rhône-like, even if many of them are bulked out by the obligingly versatile Chardonnay.

All of these varied 1994 whites - most of them Languedoc country wine, or Vin de Pays d'Oc - are full bodied and the best have an intriguing range of scents and tang, typically backed up by some real substance and interest, which make them surely the world's best-value white wines.

There have long been vast tracts of Grenache Blanc grapes in the south of France - indeed it is the third most planted grape variety in Roussillon. Dark-skinned Grenache is famous as providing the bulk of the fruit for southern Rhône reds such as Châteaufort-du-Pape. For

years its light-skinned cousin languished as an anonymous ingredient in flabby, full-bodied local whites.

But now an army of talented winemakers is able to vinify it refreshingly into wines that benefit from its natural substance and floral aromas while keeping some spry crispness in the wine, either by picking some grapes very early, by careful additions of acid or by blending in a tarter but more scented variety.

A particularly successful example of this last technique is Le Cordon White, a blend from low yielding vineyards in the Gard department (down Mimos way) of 85 per cent Chardonnay with 15 per cent Grenache Blanc and 10 per cent Roussanne, the nervier of the two white Hermitage grapes. The Thresher/Wine Rack/Bottoms Up group has this juicy wine reminiscent of ripe pears and lemon peel for £3.99.

At the same price is Big Frank's White, an equally characterful blend of Chardonnay with the other two north Rhône white grapes: Marsanne and Viognier (£3.99 Victoria Wine). Both of these wines have the body and crispness to be equally at home as aperitifs and on the dinner table.

And it is surely significant that when the respective giants of Australia and the Languedoc, Penfolds and Val d'Orbier, put together (for no very clear reason) to produce a red and a white, the white Laperouse is a blend of Chardonnay, Grenache Blanc, Colombard and Marsanne (£4.49 and as widely

stocked as you would expect of something backed by such muscle).

The nervy excitement of pure Roussanne fruit can be tasted in Hugh Ryan's Roussanne, Vin de Pays d'Oc, £4.75. Waitrose considerably cheaper than the Chignin-Bergon that is Savole's more delicate version found in many top restaurants.

The Viognier grape could be labelled by the cruel as flavour of 1993, so a tidal wave of Viognier 1994 is about to wash on to our shelves. To get the real sultry smokiness of this varietal, it seems necessary to spend at least £2 or more on a really serious example from Condrieu or California, but superior cheaper versions sold as Vins de Pays d'Oc include the Domaine de Raissac Viognier, £4.99 from Fullers.

Fullers also stocks an attractively full bodied blend of Viognier, Grenache Blanc and Marsanne Domaine Vieux Manoir de Maransan from the southern Rhône at £3.99. Lots more of these, please!

The right bank of the Rhône, south of Condrieu, is another interesting source of Viognier, and Marks and Spencer's Chardonnay Viognier, Vin de Pays des Coteaux de l'Ardeche is excellent value at £3.99. The Viognier grapes headily perfume the blend even though they constitute only 30 per cent.

Another southern French white grape causing a little flutter in the jaded wine market at the moment is Rolle, which sounds so much more exotic than when it is called Vermentino.



Victoria Wine has Max Robert's florally aromatic Rolle Vin de Pays d'Oc at £3.99 in bigger branches where such an outé name might reasonably be expected to sell.

While Kwiksave pumps for the Italian name Vermentino in a rather less exotically scented version at just £2.99.

Even more of a bargain among these new wave whites is Tesco's

Domaine Grand Bois at £2.99 which, in spite of its name, is in fact mercifully unmarked by oak but is a deliciously full, subtly flowery mouthful, thanks to its base of Grenache scented with Rolle.

Finally, for those who want real substance on the palate, and a couple of the Languedoc's own varieties, there is the Clairette, just saved from falling over itself by careful

winemaking at the local co-op supervised by Aimé Guilbert of the Languedoc's most famous wine estate, Mas de Damus Gassac. Tesco sells this as Clairette, Les Vieux Cépages, and its red Syrah and pink Cinsault sisters, for just £3.49.

And then there is the Picpoul which was once used to add zip to Clairette, now available in smoky,

lemon-scented, full-bodied yet appetising varietal form at Morrisons and Majestic for about £3.79.

It must be an absolute nightmare for ambitious vine growers in the south of France at the moment. Their dilemma is to try to guess which vine variety is sufficiently marketable in the long term to be worth planting for the next 20 years or so.

## Fine food, but so noisy

Nicholas Lander on why modern restaurants can be so uncomfortable

The most frequent comments I hear from regular restaurant-goers rarely touch on the quality of the food. They usually go something like this: "It was so noisy that I couldn't hear myself think, let alone what my guest was trying to say." Or perhaps: "Why are all modern restaurant chairs so uncomfortable?" and "The lavatories were so hit-and-miss I couldn't work the taps."

This is usually followed by: "The food was good but we won't be going back." In some cases I have been told of diners going to a nearby hotel for coffee rather than struggle any longer to be heard above what they describe as the Concorde-like noise level.

In the triangle between restaurateur, architect/designer and the customer, there is no doubt at the moment that it is the customer who suffers. The restaurateur may pack in enough tables, the architect win another commission, but is either taking account of one of the most basic reasons we frequent restaurants - to converse?

The working relationship between restaurateurs and architects has never been easy. While it is usually the disputes between proprietors and chefs, or between chefs and customers, which attract the headlines it is the disputes between restaurateurs and their architects, after the opening of any new restaurant, which are the most bitter and long lasting. The explanation for these disputes is highlighted by this parable of the restaurant trade. Shortly after opening, the restaurateur invites his architect to lunch. The architect is offered the menu and wine list and asked to choose. Every



'Slurping or non-slurping?'

time he does so the restaurateur contradicts him and says: "No, not the duck. Have the beef instead. Let's not have claret. A good Burgundy would be nice. You'll enjoy it more."

This continues throughout the meal until the restaurateur contradicts the architect's choice of wine. The architect says: "Now you know what it has been like working with you on my restaurant and with my money."

There are three fundamental causes for these disputes. The first is that when restaurateurs, or nascent restaurateurs, find a site, they fall in love with it. They are consumed by a passion to open the restaurant of their dreams and this passion has to sustain them through months of legal, licensing and construction problems until the opening night when other problems take over.

When restaurateurs do find such a site they are rarely accompanied by an architect. It falls to the architect to explain how large the kitchen capacity

must be for a set number, where the fire escape must be and the size the bar must attain to cope with the expected numbers. If he does not fully explain these points - and many others - then integral parts of the restaurateur's dream will be just that - a dream.

When selected to design a restaurant, an architect will invariably become absorbed to the point where it may seem that he is taking over, as restaurateur Joe Levin discovered while dealing with architects Allies & Morrison in their design for his restaurant, The People's Palace, at the Royal Festival Hall, London.

Everyone at some time wants to play at being a restaurateur but for an architect there is an extra bonus - restaurants are the best, most public, most cost effective showcase for their skills.

Wealthy individuals and big corporations may pay more and have bigger budgets but when these buildings are finished

they are private, to be visited only by appointment and then in hushed voices. Not so a busy restaurant. Hundreds of customers may eat there every day, increasing the possibility of a verbal recommendation for another job. Whenever an architect wants to impress a potential customer all he has to do is book a table and let the restaurant sell his talents.

Anyone interested in the skills of the Conran Design Partnership for example only has to book a table at Bibendum, Le Pont de la Tour or Premier, the new restaurant in Selfridge's, to see its work.

For a restaurateur, choosing the right architect/designer is vital. When I recently met a successful London restaurateur who had just bought what sounded like a highly promising new site I offered my congratulations only to be told: "Thanks, but there is a long way to go yet - we haven't even chosen our architect."

Modern day economics add perhaps the final twist. To pay for higher rents, wage bills and repay shareholders, central London restaurateurs must "turn tables", ie arrange bookings so that there can be three "sittings" on busy nights in the West End, say from 6.30pm, 8pm and 10.30. But with every one sitting comfortably, chatting over empty coffee cups this is often not possible.

Once a restaurant has been described as a venue for large parties, rather than for an intimate dinner, the problems usually get worse. Although I can wholeheartedly recommend the food at any of the following London restaurants, I always have to add a caveat about the noise level: Belgo Central, Kensington Place, The Fire Station, St John, Imperial City, Stephen Bull's Bistro, Orso, The Canteen, and, worst of all, Quaglin's.

Restaurateurs, their architects and designers overlook their customers' need to converse and their physical comfort at their peril. Customers will vote with their feet. Who will be the first restaurateur to put at the bottom of the menu: "We have given the restaurant's acoustics as much attention as our menu and wine list?"

Appetisers / Nicholas Lander

## Restaurant openings

Plenty of restaurant activity in London's Covent Garden: at No.35 Earlham Street is Jones Restaurant (tel: 0171-240 2662, open Mon-Sat). More formal than the recently opened Belgo Central (0171-813 2233) nearby, it is still quite relaxed with an exciting, fresh menu that says: "Our menu uses organic meat, fruit and vegetables wherever possible."

No more than a stone's

throw away at 8 Great Newport Street, WC2, (0171-240 1551) is The Newport with chef Ian Loyndes. First courses are £5.50, main courses £11 and desserts £3.90. The slogan on this menu is: "Freshness is half the battle."

For those not wanting to fight their way into the West End there is The Popeseye Steak House, 108 Blythe Road, W14, (0171-610 4578). Aberdeen Angus, hung for a minimum of two weeks make up a short

menu: rump (called popeseye by the Scots), sirloin or fillet, 6oz, 8oz and 12oz but very keen prices for wonderful beef and a short, well-chosen wine list. Dinner only Monday-Saturday. In south London, The Stepping Stone, 123 Queenstown Road, SW8, 0171-622 0555, still offers a £10 lunch menu and tries to source its supplies direct: sausages from Sutherland's Farm, Hampshire and salads from Appleford salads, Kent.

## Good

cheesemongers seem to be on the increase and the range of cheeses on offer in many supermarkets is improving. But nowhere in Britain have I been able to find on sale cheese of a delicate junket-like texture and cool creamy taste akin to the fresh gbejniet which I enjoyed so much in Malta.

The only answer, it seemed, was to try my hand at making it myself.

I do not pretend my version is authentic but it is very good and very simple. My prime purpose in wanting fresh gbejniet (or an acceptable alternative) was because it is an essential ingredient of a soup to which I have become more than mildly addicted.

Widow's Soup is its name. Not the most enticing of titles, but the reasoning behind it is understandable.

Few soups are quicker or easier to make. It is easy on washing up, and economical, since it calls for just a little selection of this and that which might be ready for harvest at any one time, or which could be bought cheaply.

Basically Widow's Soup consists of good clear stock thickened with vegetables, finished with slices of cool creamy cheese - and, optionally, a poached egg. It is in effect a cross between a soup and a stew needing only good bread on the side to make a proper light meal with a healthy balance of vitamins, fibre, carbohydrates and protein.

Most versions are wintry in concept, majoring on worthy root vegetables. Good honest stuff, warming and nutritionally sound. But it is gastronomically of little note.

Until last year, Longmorn distillery was Scotland's best kept secret. But then owners Seagram decided to pull back some of it from their blends, to repackaging it and sell it as a single malt. Before then it was known almost exclusively to the trade. Had you asked any of the blenders, however, the chances are they would have listed it among the three best Speysides.

The 1890s was a boom time for whisky. In the course of the decade 33 new distilleries opened in Scotland, two thirds of these in Speyside. By 1898 there were 161 distilleries churning out Scotch. Now there are fewer than 100.

Lair Russell of Glasgow University has made a special study of Longmorn. Russell says that the boom was a direct result of phylloxera, the vine louse which devastated the vineyards of Europe in the second half of the century. It rendered not only wine, but also brandy, suspect.

Blended whisky had also come into its own. He believes that those early malts were rather less attractive than their modern counterparts: less consistent in quality and more pungent. The Buchanans and Dewars had learned just how much malt was needed to "cover the grain". Only then was Scotch able to tilt at the colonial monopoly then controlled by Irish whiskey.

## Whisky / Giles MacDonogh

### A taste of honey

In order to protect their supplies of malt, more distilleries opened in Scotland. Some of these quickly fell into the hands of the big companies, such as Gilbey's of London, which bought Knockando at that time. Others were strictly private enterprises: The Grants at Glenfiddich and Balvenie, their name-sake, Major Grant at Glen Grant, and John Duff at Longmorn. The profits they made from the boom allowed them to live the lives of great lords in their Scottish baronial mansions.

Speyside was the favoured site for the new distilleries. This had less to do with quality at the time, than simple economics: Banff and Moray had good access to peat for the kilns and coal to heat the stills. Speyside's plentiful springs ensured enough water and the barley from the coast was among the best in Scotland. What was more, there was an efficient railway network to take the whisky away to Glas-

gow, London or the colonies.

Duff was a typical entrepreneur of his time. He had set up Glenlossie distillery in 1876 after a period running Glenrochnach. He tired of the job and went abroad, trying unsuccessfully to start distilleries in the Transvaal and the US. In the early 1890s he returned to Scotland to take advantage of the boom. In December 1894 the first barrel was filled at Longmorn.

But the bubble was soon to burst. Scotland was madly over-producing. In 1898 Patersons of Leith, blenders, went bankrupt to the tune of £500,000, a vast sum then. The collapse brought the boom to an abrupt close. Soon Duff had to give up Longmorn. Fortunately, for a later generation of whisky lovers, the surviving blenders had the sense to keep the place running.

That Longmorn turned out to be such a wonderful whisky seems to have been almost entirely accidental. Even now the laconic manager shrugs his

shoulders at the idea and says: "I wish I knew."

The distillery shares the same water supplies as Benriach a few hundred yards away, but the two drams are remarkably different. Denis Malcolm of Seagrams points out all the usual things which signify quality in a Highland distillery, such as the wooden backs which are homes to benign bacteria.

At Longmorn the fermenting wash has a strong honeyed smell which is recognisable in the whisky itself. The stills are small and dumpy. Malcolm points out that the stills have been run at the same speed for 34 years although I noted that the first barrel of Longmorn in 1894 was distilled at a slightly lower alcoholic strength than it is today.

Russell says the most popular blending whiskies, those with the big, sweet heather and honey aromas, such as Longmorn, Glen Grant and Glenlivet, all turned out to be highly popular when the time came to release them as single malts. The most adaptable to give up Longmorn. Fortunately, for a later generation of whisky lovers, the surviving blenders had the sense to keep the place running.

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another 4-6 hours until the cheese is a firm, sliceable mound weighing 8½-9½oz. Store in the fridge, covered, and eat within 2-3 days.

WIDOW'S SPRING SOUP (serves 2)

Vegetables can be varied to suit what is currently best in the garden or shops but aim for fresh light tastes. How long peas take to cook depends on their youth and how freshly picked they are. Frozen peas, being blanched, invariably take less time.

Ingredients: ½pt rich (gold top) milk; ½pt single cream; 1 teaspoon junket rennet; ¼ teaspoon salt. Mix the milk and cream and warm gently to blood heat (93°F or 34°C). Remove from

the heat, stir in the rennet and pour into a small bowl. Leave undisturbed at room temperature for 2 hours or so until set and cold. Ladle the thick creamy junket into a colander lined with wet butter muslin, sprinkling salt between layers. Leave to drain in a cool larder for an hour.

Turn the curd and draw the buttermilk up more tightly all round it, twisting it round the "neck". Leave to drain for

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## Madrid

Madrid's fight bulls

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## TRAVEL

# Vainglory and vinegar in Cairo's labyrinth

Nicholas Woodsworth outlines an uncommon perspective upon ancient and modern delights of the Arab world's capital

Civilisations come and civilisations go. There are moments when I am not certain if our own peculiar way of life - call it civilisation if you will - will last out the week.

It is at times like these that I find some comfort in wandering through the detritus and wreckage, the unconsidered remains of old cities. Because, after all, on the uppermost surface of the crumbled monuments, the discarded artifacts, the disappointed ambitions that make up history's layered strata, life - irrepressible, un-put-downable human life - carries on.

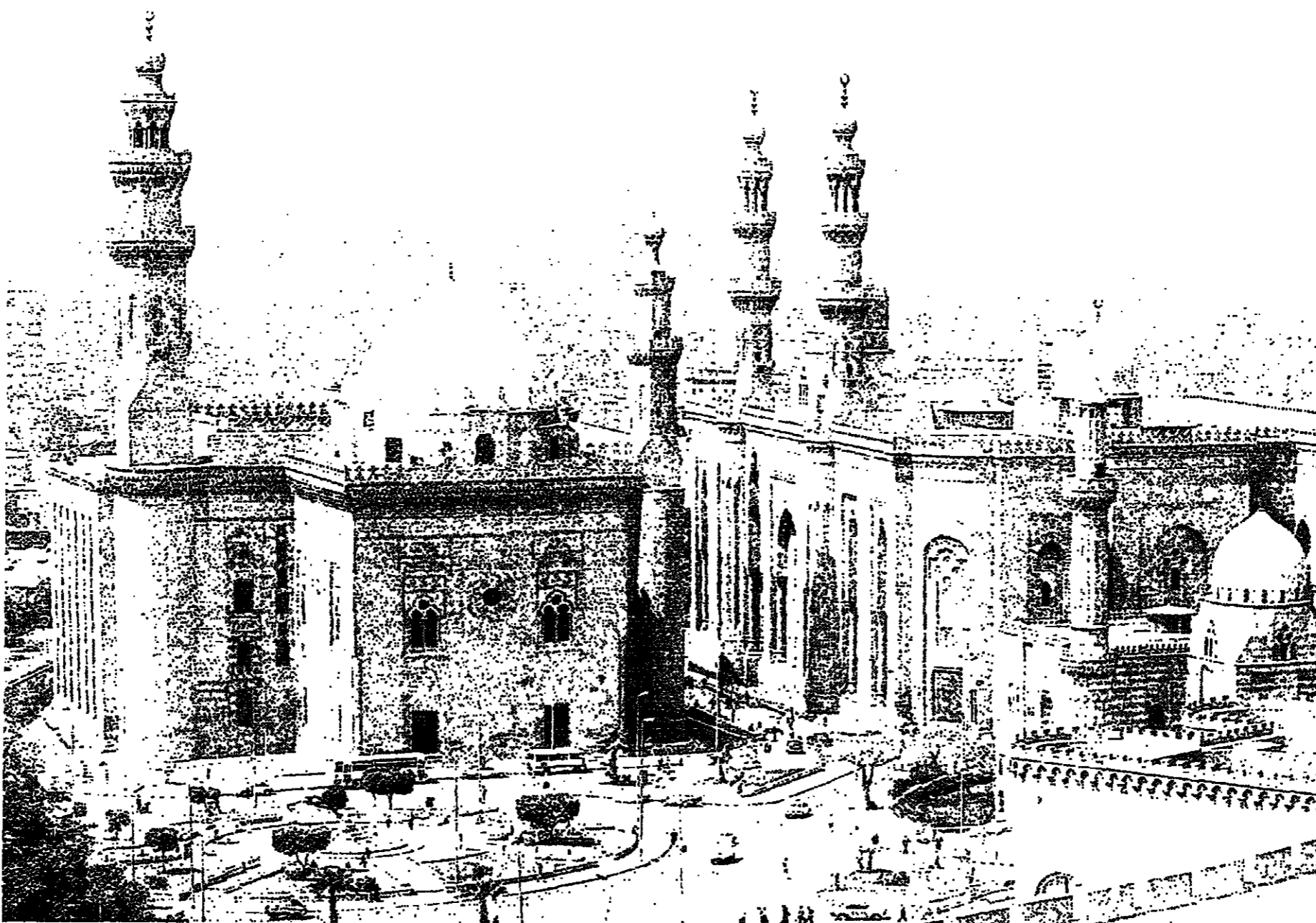
Of all the cities where flesh and blood shows its fine disregard for the vainglorious of the past, I prefer Cairo. Pharaohs, Nubians, Assyrians, Persians, Alexander and the Ptolemies, the Romans, Byzantines, Arab dynasties, Mamluks, Circassians, the Ottomans, Napoleon, the British empire - all these had a go at it. And all vanished into the night of history.

Yet Cairo, capital of the Arab world and one of the great cities of the globe, lives. It bubbles, percolates, continuously seethes with humanity. Its age-crusted battlements loom as grandiose background to the simple daily gestures of the present. Who needs weighty and philosophical ramblings on the nature of time and mortality to show us our tiny place in the great sweep of history? It can all be found in Cairo with a much more down-to-earth kind of rambling.

I began my Cairo stroll early one dusty morning at Bab elFutuh. It is the massive fortified gate, 30ft high and studded with iron, that stands in the northern wall of what was once the royal enclosure of the Fatimid Empire. Three quarters of a mile long, half a mile wide, 1,006 years old, Al-Qahira - from which visiting western merchants took the city's European name - is the compact heart of medieval Cairo. Filled with hundreds of monuments and thousands of people, no other quarter in this sprawling capital offers up its past in such effervescent, unselfconscious manner.

So lively was it when I arrived, in fact, that I was unable to pass through the gate. One broad-bodied donkey cart on the way into the narrow stone gateway had snagged on another donkey cart on the way out. And there they sat, jammed, the patient, diminutive beasts that draw them unable to move forward, their obstinate drivers each refusing to move backwards.

A wholly Cairene tailback soon developed: a boy on an old swayed-backed horse, herds of sheep, their coats stained bright orange or pink for identification, headed unsuspecting to the butcher's block; a black Mercedes-Benz full of dubious-looking businessmen; wooden handcarts piled high with melons and eggplants; more donkey-carts; some delivery vans; a squad of bashed-up black and white taxis, their radios blaring; motorcycle-riding fathers delivering their children to school, said off-



Islamic Cairo in soft-focus: Pharaohs, Nubians, Assyrians, Persians, Alexander, Romans, Byzantines, Arab dynasties, Ottomans, Napoleon, the British empire - all had a go at it, only to vanish

Tony Andrews

spring hanging on for dear life.

There was an unholy din of horns, a racing of engines, a raising of loud and excited voices. I feared it would come to fistfights. And then, because Cairenes are in their mercurial way as sociable as they are self-centered, it all ended as fast as it began. The carts were unsnagged and the cavalcade charged forward. We spilled into the garlic market that lay beyond the gate like a rag-tag army of conquerors intent on pillaging the million bulbs of garlic that lay precariously piled, shoulder high.

But I did not need garlic, I needed perspective. Mounting a narrow set of stairs, I climbed to the battlements on top of the old royal Fatimid wall.

Immediately below me lay the 11th century mosque of Al-Hakim, the paranoid, mystical Fatimid caliph who proclaimed himself divine and cut off the heads of any who doubted it. Shunned for centuries, it has been variously a prison for Crusaders, a stables for the great Moslem warrior Saladin, an armory for Napoleon, and a government warehouse. In the 1980s it was a football field for schoolchildren. Ironically, this is a mosque which has escaped the fate that has overtaken most of medieval Cairo's monuments - it has been lavishly restored by a sect of Indian Shites who, for obscure reasons of their own, still look to Hakim as a messiah.

Not so other great buildings of

the past. From where I stood I looked out on to an exotic, unfamiliar topography: bulbous, onion-shaped domes topped with the crescent moon of Islam; the crumbled remains of thick walls and towers; the oblong spaces of innumerable mosque courtyards open to the sky; sparse forests of tall minarets, some thin and as straight as pencils, others heavier and garnished with balconies, conical roofs and ornate stonework.

But even from this distance I could see the effect of years of neglect - cracked and decayed, covered in desert dust and surrounded by urban refuse and rubble, the great monuments of Islamic Cairo seemed half-way to oblivion.

When the proud Fatimids, rulers

of Cairo's first great golden age, held sway here, Al-Qahira was a closed city within a city, reserved for the caliph and his vast court retinue of wives, slaves, children, eunuchs and palace guards. The populace, excluded from an opulent lifestyle that revolved around art, music, and a love of fine architecture, lived on the periphery.

But nothing lasts - droughts, uprisings, plagues and failed harvests care little for mortal pride. The Fatimids fell. The city was opened to the common people. Where once magnificent palaces and parade grounds stood, narrow streets, crowded bazaars and great warehouses grew up. New rulers, new dynasties came to power, built monuments to themselves, and then

receded into obscurity. But with or without them the busyness and commotion, the great mill of Cairo's hectic daily life, continues to the present day.

From above, one senses history. From below, at street level there is only humanity. On I strolled down the busy thoroughfares. Some turns took me into complexes of tiny workshops where a furious hammering of brass produces shiny trays and lamps. Others led into a warren of low and narrow-doored tenements. Too energetic, too gregarious and full of movement to be contained inside, much of the life of the quarter is played out in its streets and alleys.

It was in these streets that the writer Naguib Mahfouz grew up.

Years later, his evocations of the quarter's poor and working class - prostitutes, cafe loungers, shopkeepers and lowly bureaucrats - earned him a Nobel prize for literature. It also earned him the enmity of Egypt's now-vigorous Islamic fundamentalist movement; last year Mahfouz narrowly escaped death in a terrorist attack that shocked the nation.

Few tourists wander off the main streets into the depths of the quarter, but Mahfouzian characters still abound. I met one, a smiling pickle-maker in a stained tunic who told me his family had been making pickles in the same tiny shop for more than 200 years. We chatted about Cairo during the war, when he learned English from British soldiers.

"Oh, they drank a lot. They were very jolly," he told me. "Lately we Moslem don't drink much at all. But please, try my Islamic cocktail."

So saying, he selected a jar of cucumber pickles from the shelf behind his head and poured off a small glass of vinegary brine.

"Better than Johnny Walker," he cackled, delighted by my face. I sipped again. Certainly it was more memorable than Johnny Walker.

By noon, I was on the other side of Khan-al-Khalili, the labyrinthine bazaar that sells every item of oriental exoticism imaginable.

Did I want Opium? Poison. Obsession. Eternity? I managed to avoid the temptations of the Helal scent shop, dealers in imitation name-brand perfumes. Instead, just around the corner, I found myself drinking a glass of mint tea and arguing the questionable taste of a silver bowl mounted on a trio of trumpet-playing cherubs.

Why did I buy it? I am not sure I had much to do with it. Once they get going there is little that Khan-al-Khalili shopkeepers, consummate salesmen, cannot persuade you you do not desperately need. The bowl sits at home today, and I am growing almost fond of it.

I sat, in the afternoon, in cafes where men puffed at grumbling water-pipes. I gazed at sweet-makers stirring vats of bubbling oil, market-women piling wicker baskets of cooing pigeons, cloth merchants in dark shops whiling away the hours before tiny desk-top televisions. Around them, on every corner, lay great buildings, dirty, dilapidated, falling apart. Were Cairenes entirely oblivious of the past? I wondered.

And then the muezzin, the call to prayer, rang out on speakers across Al-Qahira. "Allahu-Akbar!" they proclaimed in fierce, drawn-out pride. God is great. From shops, homes, offices and cafes, Cairenes moved off to Al-Azhar, Sayyidna Hussein, and a score of other mosques scattered through the quarter.

There is no risk, I then realised, of our western past, or the Islamic past, getting lost. It is not part of buildings and monuments. It is a part, sometimes too much and too violently so, of ourselves.

## Madrid's game of death

Spaniards fight bulls while the rest of Europe dozes, writes Lori Cidyllo

At the stroke of eight o'clock, office windows radiant with electric light grow dim like thousands of eyes closing. As the sky becomes a lush Mediterranean canvas of violet and orange, swarthy young men loosen their ties and speed off on motorbikes to join friends for a night on the town.

While the rest of Europe is slipping into bedroom slippers, the Spanish soul is just beginning to stir. In this Elysium of the sleepless, there are traffic jams at 3am. At 4am, people stroll along moonlit streets, gazing at the stars, walking dogs, and chatting.

The Spaniards have another mysterious passion: bullfighting. Madrid, the bullfighting capital of the world, is famous for its bullfighting culture, which includes special bars called *penas*, where votaries gather to eat, drink, and sing lively songs in honor of their favorite *torero*.

Bullfighters, reputedly endowed with extraordinary valour, strength of character, and virility, perform breathtaking feats, such as kneeling on one knee and kissing the bull or kneeling on both knees and swirling the cape tantalisingly in front of the enraged beast, inciting it to charge.

Bullfighting is also practised in Mexico and Peru. However, the Spaniards, regarded as the unrivaled masters of this ancient art, have perfected it to such a remarkable display of precision and skill that even some westerners have become ardent aficionados.

Ernest Hemingway became so obsessed with bullfighting after he saw his first corrida in 1923, he wrote two books about it (*Death in the Afternoon* in 1932, and *The Dangerous Summer*, published posthumously in 1985). Instead of the single article he had been commissioned to write. He was

respected in Spain as a knowledgeable devotee. What is it about this macabre minut that inspires such awe and reverence? I decided to go to Madrid's Plaza de Toros to find out.

In spite of my initial misgivings, I was soon mesmerised by this carefully orchestrated "game of death", as Hemingway called it. I also understood why he called it a "deadly dangerous performance only made possible by perfect nerves, judgment, courage and art".

Deadly indeed. Few *toreros* go through an entire *temporada* (season) without being gored. The chances are so high that they wear scrupulously clean trousers, so that if they are gored in the groin, the cloth driven into the wound will be sterile, reducing the chances of infection.

While some survive to recount the tale with great *brio*, many die and are transformed posthumously into legends. Clad in an exquisite *traje de luces* (suit of lights) adorned with shimmering sequins, which dates back to the 17th century, the *torero*, often a handsome young man, moves with great flair. Each time the bull charges through his silken red cape, he moves aside in the nick of time as the crowd yells, "Ole!" (Bravo!).

Although the spectators looked tame enough (there were quite a few grandparents balancing squirmy grand-children on their laps), beneath those placid faces, they resembled spectators in ancient Rome who watched robust gladiators stride into the coliseum to face almost certain death.

In fact, when the *torero* raises his sword and asks the judge for permission to dedicate the bull to someone, often a young *senorita*, he turns his back and tosses his *montera* (hat) over his shoulder and

says, "Ave, Caesar, morituri te salutamus" (Well, Caesar, we who are about to die salute you!) echoing the famous final cry of the gladiators. The crowd seemed torn between man and beast, depending on who held the advantage. When the *torero* appeared to be in trouble, an elderly gentleman stood up and yelled, "Hombres! Hombres!" to the *torero's* assistants, who are on hand to distract the bull if the situation becomes life-threatening.

However, moments later, when the bull managed to elude three of the assistants as they tried to thrust decorated sticks with sharp barbs on the ends - called *banderillas* - into its neck, and nearly gored one of them (he jumped over a fence), the crowd, including the elderly gentleman, began yelling, "Viva el toro!" (Long live the bull!).

Bulls are expected to be brave, that is, to charge. If they do not, black *banderillas*, which symbolise shame, are used instead of brightly coloured ones and both the crowd and the *torero* chide the bull for its cowardice.

On rare occasions, a bull will prove so valiant that the crowd refuses to allow it to be slain. In such cases, the bull is said to be *indultado* (forgiven) and the *torero* tearfully asks the judge to spare this amazing animal. I had hoped that this might happen at the corrida I went to. However, all six bulls were killed with a decisive thrust of the sword - to the jubilation of the crowd.

But nothing in Madrid went quite as I had hoped. After the bullfight, I went to see a performance of flamenco dancers and ended up at a wedding instead.

The tour bus was to leave from Puerta del Sol (the Gate of the Sun) at 4:30pm. As I waited in the merciless heat, watching the hands of the giant clock in the square

advance toward 5:25pm, my spirits sank. Finally, I decided to take a cab to Florida Park, the address on my dog-eared ticket.

Inside the park, the moon cast pale silver filaments of light over the tops of the palm trees. As I walked under their tinselled, umbrella-like heads, a soft zephyr gently ruffled their fronds, like fingers running through long hair.

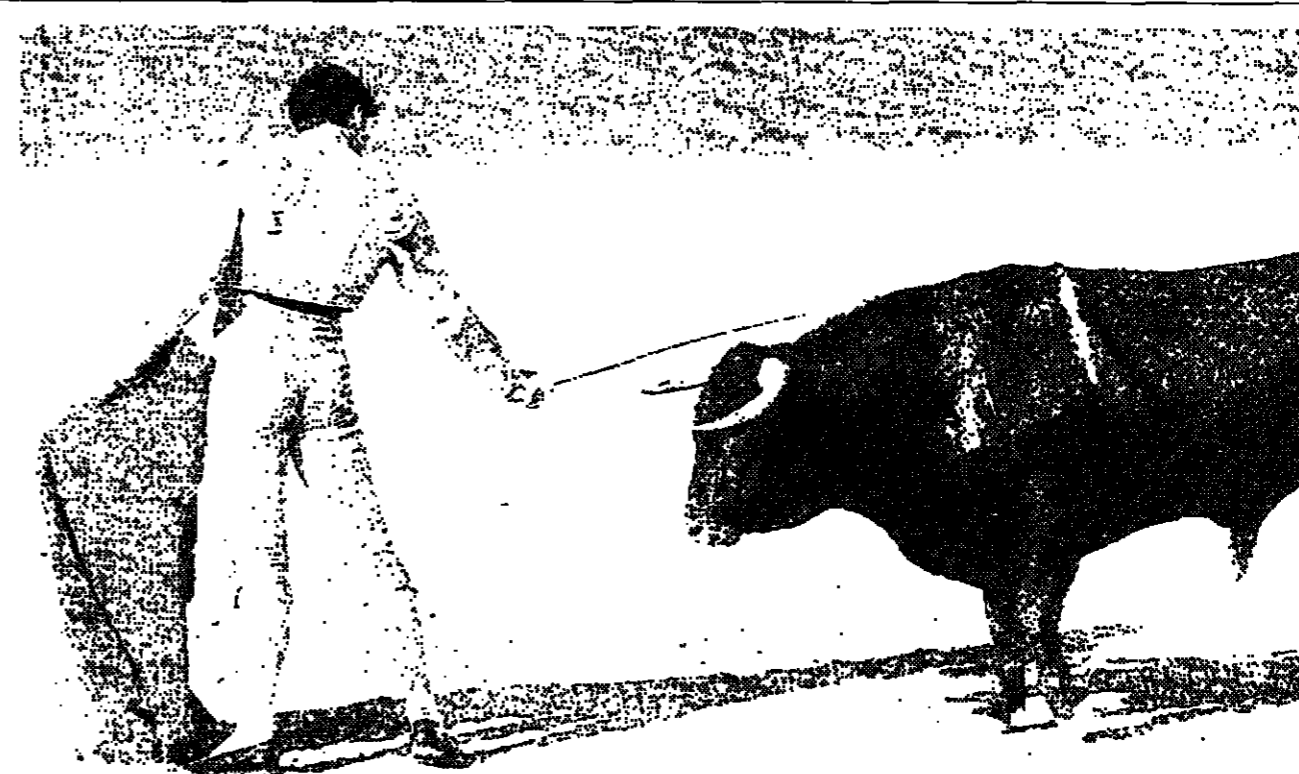
At last, I came to a villa. "Flamenco dancing? Tonight?" said the man at the door. "The only thing going on here was a wedding reception, he said. I showed him my ticket. He looked at me sympathetically and asked where I was from.

"Ah, Americana!" he said, beaming. "You will be our guest. Follow me."

Inside, chandeliers sparkled and fresh flowers were everywhere. Smiling mischievously, he picked up a menu from one of the tables and translated the items into English: lobster bathed in garlic sauce, caviar, coconut cocktail and *churros con chocolate*, a delectable Spanish pastry.

"What do you think?" he asked, pulling out a chair for me. What could I say?

Just as I was pondering how I would reply should anyone ask what I was doing here, the photographer, who thought I was Italian, began snapping pictures of me.



Macabre minut: the crowd seemed torn between man and beast, depending on which held the momentary advantage

As the flashbulb blinded me again and again, I began having visions of the bride and groom, sitting on their living room sofa, years from now, looking at their wedding album and asking, "Who is this woman?"

Although the groom, whose

name, I learned, was Benito, cast me a puzzled glance, fortunately he never questioned my presence. As for everyone else, the many toasts of the evening had worked their magic and I was eagerly welcomed by guests from both sides of the family. Before I knew what

was happening, two middle-aged couples pulled me on to the dance floor. To my amazement, as we shimmered to a sensual Spanish beat, some of the guests whipped out castanets and began clapping them together with expert fingers while stamping their feet ener-

getically.

As they pirouetted with abandon, yelling "Eeeyeah", those of us who were less agile encircled them and clapped in time to the music.

Well, not exactly a flamenco dancing show, but close enough.

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## TRAVEL: MEDITERRANEAN ISLANDS

## Hard, rocky island with a soft centre

Nicholas Woodsworth steals away from a sybarites' palace in Sardinia in search of the old, fierce singleness of the peasant life in Cagliari

I cannot admit to knowing my way about the world's luxury resorts. The likes of Palm Springs, Gstaad and Tignes are blank spaces on the map for me. I avoid them.

Of course, one can wear a dinner jacket and sip Dom Perignon on safari in the Serengeti if one likes. But what, I ask, is the point of travel? There are plenty much more bizarre fauna closer to home, if it comes to that, wandering about the watering holes of London.

It was with an explorer's cautious curiosity, then, that not long ago I found myself humming along in a little electric car into the heart of an opulent and leafy resortland. I was ready for anything.

This was supposed to be Sardinia, land of dry hills, wary shepherds, rough-polished hospitality. It did not look like Sardinia. It did not look like anywhere I had ever been before.

The car's rubber wheels purred pneumatically as we rolled along a glossy, polished terracotta tile drive. The smiling driver, in white uniform with polished brass buttons, had a suspiciously un-shepherd-like bearing.

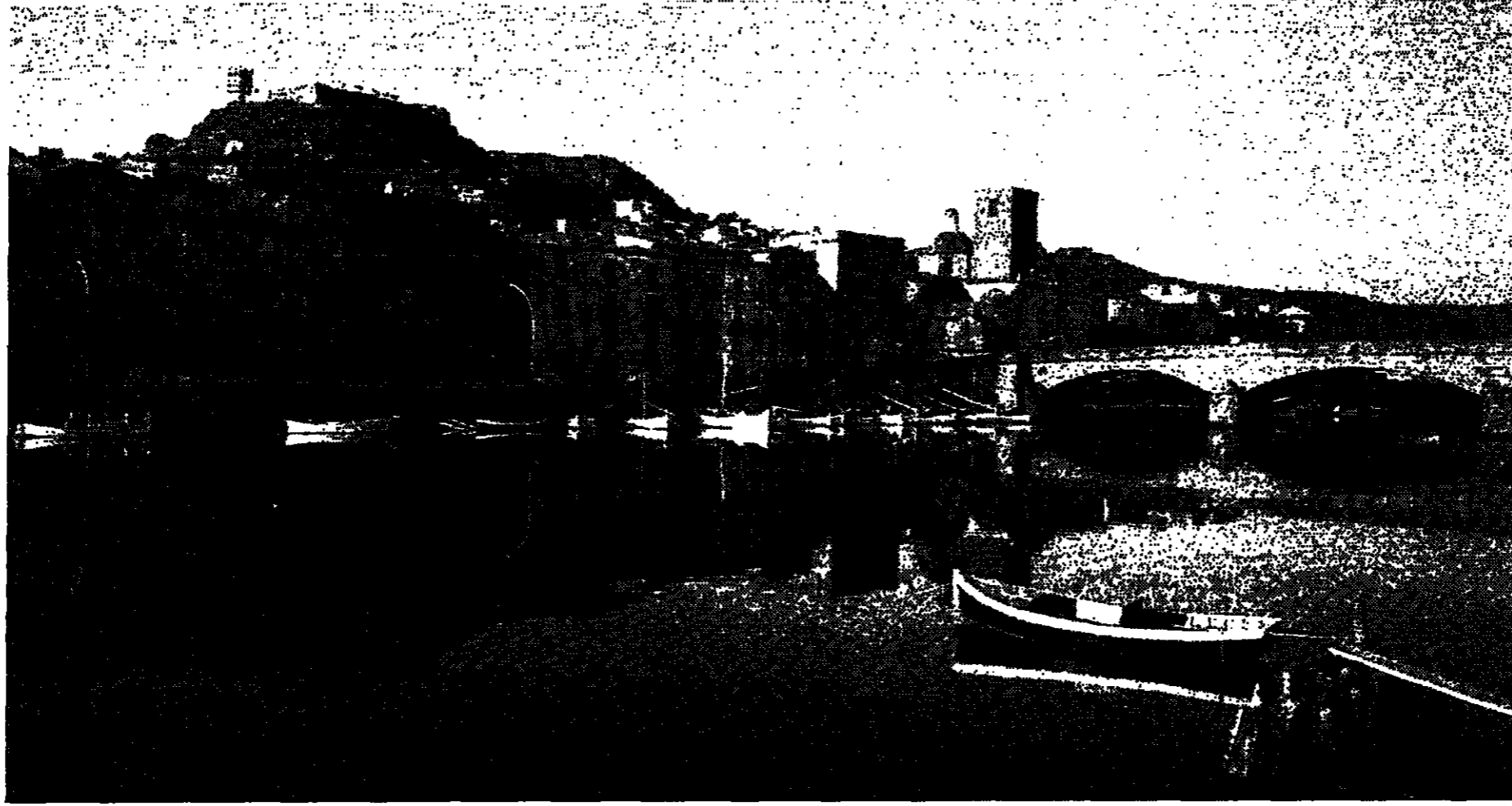
There was greenery and a bright blooming of flowers everywhere. On either side, hidden deep in forests of fragrant shrubbery, were objects I was doubtful the shepherd economy had thrown up - great acreages of tennis courts, wide sweeping lakes of swimming pools, bungalows with chaises-longues set out on patios.

We turned left, then right, then left again, gliding through glades and groves of vegetation until I was hopelessly lost. Waiters drifted by on bicycles, with linen-draped trays of hot breakfasts and silver coffees borne on upraised hands.

Through the thick foliage I caught odd glimpses: strolling pink flamingoes, elegantly laid-out al fresco dining tables, teams of diligent green-overalled gardeners pruning, snipping and grooming away. Once a pair of orange and blue long-tailed parrots flew by overhead, breaking the silence with raucous calls. There was nothing about Sardinian parrots in my guide.

By the time we pulled up outside the Castello, a white building deep in the shade of a stand of parasol pines, any illusion of Sardinia had vanished completely.

The clear green sea that washed the beach below my room might well have been a Sardinian sea, the



Another face of Sardinia: the island is usually seen as a place of dry hills, wary shepherds and rough-polished hospitality

World Pictures

bare, rocky hills in the distance Sardinian hills. But this was something else. This was the Forte Village, a vast expanse of exquisitely manicured grounds, 700 smiling staff, innumerable hotel, bungalow, sport, and entertainment complexes, and 1,600 guests who - among other holiday activities - annually consume eight tonnes of Parma ham and six tonnes of lobsters in the 14 restaurants scattered about.

There are more, equally impressive statistics, whole pages of them. The point is, did it matter if Sardinia, that dry, poor, rough-textured island, seemed from here such a distant place?

No, it did not, at least for the next few days. The whole village - not really a village at all, of course - was so carefully thought-out, so immaculately kept, so delightfully

relaxing that my ideological bias for the rough-and-ready villages of the real world began to crumble.

It foundered almost entirely the next day when I sauntered over to the Terme del Parco, a sort of sub-tropical spa-cum-spiritual rejuvenation centre. Did I want a shiatsu massage, the seaweed-paste treatment, the high-tech exercise machines or a bit of lymphatic drainage? Ute, Nordic and severely efficient as all good spa madames should be, wanted to know, I opted for the hydrotherapy pools instead. There is nothing, I discovered, like hydrotherapy.

I eased into a pool of sea oil - a mixture of sea water, salt and marine essences so concentrated it made the Dead Sea look downright wishy-washy. It was warm and sticky, a dark brown colour. Buoyed

all around, physically incapable of sinking below the surface, I relaxed and floated off as happy as a croucher in consomme.

It was just the beginning. Surrounded by forests of palm, banana and giant rubber trees, there were other pools: pools where jets of hot seawater shot up geyser-like from the bottom, pools where artificial currents dragged me through fast-flowing rapids, pools where I lay inanimate and suspended on a bed of rising bubbles. Wrapped in a thick and fluffy bathrobe, I was able to report to Ute when it was all over that I felt in the pinkest of health.

The days passed. I sunned. I jogged on the beach. I lazed. I played much tennis. I observed my fellow guests golfing, diving, sail-

ing, doing nothing, and tried - difficult given their suitless, tieless guises - to imagine their busy working lives in Milan or Bremen, New York or Yokohama.

Much more successfully, I attacked the splendid evening buffets, making an enormous contribution to the setting of a new annual record for Parma ham consumption. Perhaps I laid the foundation for a second record in the risotto alla milanese with asparagus tips category, although with so many favourites competing I cannot be sure.

Also I read. For, despite all the soothing and cossetting, I realised the world outside was still there. Was I perhaps beginning to feel guilty for ignoring it? By the pool I pored over D.H. Lawrence's *Sea and Sardinia*. Now there was a man, I

thought, who would never cast off the coarse mantle of reality for a fluffy and up-market bath towel existence.

"How fascinating it is, after the soft Italians," I read of his first impression of peasants in the Sardinian capital, Cagliari, "to see these limbs in their close knee-breeches, so definite, so manly, with the old fierceness in them still. One realises, with horror, that the race of men is almost extinct in Europe. Only Christ-like heroes and women, worshipping Don Juan, and rabid equality-mongers. The old, hard, indomitable male is gone. His fierce singleness is quenched."

Well, that was it, I decided. Enough of this effete holiday-making. I began daydreaming, between sets of tennis and bouts of risotto, of stealing off to Cagliari,

less than an hour away, where, it seemed, real men enjoyed real life.

It happened that three days later, Cagliari was celebrating the feast of its patron, Sant' Eufisio. Somehow I managed to put up with soft Italians and other irksome modern types for another 48 hours. Then early in the morning I stole out in search of that old fierce singleness.

Cagliari was magnificent in celebration. The whole city, steep hills, open piazzas and winding streets became a vast festa. Standing under a balcony hung with red velvet, I watched enthusiastic spectators cheer and throw rose petals as, through the morning, a long procession wound past.

There were wooden carts of villagers from all over the island, each pulled by pairs of enormous red oxen, their horns daubed with paint and adorned with flowers. There were proud peasants in white knee-breeches, rough and bearded shepherds in black sheepskins, cavalcades on clattering horses. Women in all their finery, hands posed on hips, and thunder and lightning in their eyes, marched defiantly by.

At the end came the saint himself, a gowned and bearded figure of wood and paint, borne shoulder-high in a great glass box and brought to life by the jostling and adoring crowds.

There is no doubt about it, I thought as Eufisio disappeared down the street - there is nothing like the genuine, the down-to-earth, feel of real life. Lawrence, bless his pagan soul, was right.

But then, half an hour later, the festival was over. Almost in the blink of an eye its joyful exhilaration melted away. The spectators vanished, the red velvet came down, the wilted rose petals were swept up and discarded. A thousand costumes were put away for another year. I walked the streets, hardly recognising them, searching for joyful villagers.

But there were none. The town was sombre, banal, everyday. It had all been a brief, happy illusion, a temporary escape from dull routine. I headed back along the coast, looking forward to my own village, to my own escape, to tropical shrubbery, and perhaps that shiatsu massage or a seaweed treatment.

Nicholas Woodsworth was a guest of the Forte Village, 09010 - S. Margherita di Pula, Sardinia, tel. (0039 70) 92171, fax (00 39 70) 921246. In the UK for information about the village tel. 0345-404040.

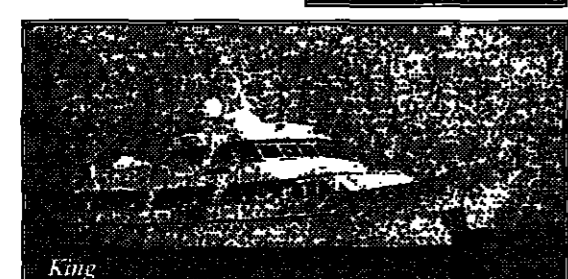
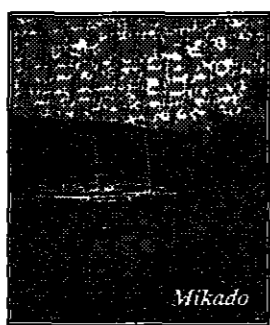
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## Banana leaf on the tracks

You are very lucky," said the bespectacled Chinese fortune-teller as she read my palm.

"You travel a lot."

Well, yes - by definition, as she was reading my future aboard the Eastern & Oriental Express, the luxury train which runs between Bangkok and Singapore.

The palm-leafers are one of the entertainments laid on to make the 42-hour journey between the chaotic Thai capital and the gleamingly antiseptic city-state at the other end of the Malay peninsula pass more quickly.

Among her more alarming predictions were that I would have four children - possibly twins - but she added comfortingly that I would have a long life and that I had a good man.

I said I hoped she was right: I would need him to help with all those children.

Actually, there's plenty to do on the train, which is the less well-known sister of the sumptuous Venice Simplon Orient-Express. When you've finished

manoeuvring at the design which manages to cram a shower, washbasin and loo into a space which makes a shoebox look roomy, picked through the toiletries and had a sniff at the little Penhaligon bottles, tried on the fluffy dressing gown and worked out where to stash your things in the cunningly hidden cupboards, you will be several hours out of Bangkok and will have missed the grotty suburbs. While you growl around your cabin, your steward will have served tea and it will be nearly time to change for dinner.

Eating is a big way of passing the time on the E&O. Barely an hour seems to pass before it is time to sit down and be fed again. And just in case you are still peckish, you can order up a snack.

If you are taken with the silverware, crockery or glasses, they are sold in the on-board souvenir shop where you can while away a few moments deciding which overpriced souvenirs you want to lug home with you. When all else fails, you can always resort to looking at the scenery.

It is surreal to watch southeast Asia flash past your window as you recline in the chilling air-conditioning; but if you get cold you can warm up by walking the quarter-mile along the train to the back and going

out into the hot, humid air of the open observation car to see the craggy mountains of southern Thailand and the steamy green Malaysian jungle. This is Asia up close - so close that I got slapped in the eye by a banana leaf.

It is O-level geography brought to life. Before the rubber trees of Malaysia (visions of colonial gentlemen cutting the trees, and essays on exports) are the emerald-green rice paddies of Thailand. And just when you think you've collected more than your fair share of bruises on your legs from crashing into doors on your way to the observation car as the train lurches along, they thoughtfully reverse it during the stop at Butterworth, switching the observation car with the locomotive so that those who have had the longest walk find they now only have a short stagger to see the views.

## TRAVEL: MEDITERRANEAN ISLANDS

Greek island luxury: Paul Betts finds a corner of Chios that is forever Genoese, while Neil MacLean gets the key to his own kingdom

## A private world to rule for a week

H otels and villas may arrange some strange forms of transport to deliver their guests to the front door but the sight that greeted me as I stepped ashore on Argirionissos took the biscuit.

It was a small green tractor, German apparently, although this was no Mercedes-Benz, towing a rickety trailer on which someone had thought to weld two rows of bright yellow seats. As it transpired, I would have been quicker walking up the steep and dusty track; but then it would not do for the lord and master (albeit temporarily) of Argirionissos to arrive under his own steam.

Argirionissos is the only private Greek island which can be rented. You will find it close to the mainland, anchored in the Gulf of Orei below the mountains of Sterea Ellada, a gentle half-hour's sail from the island of Evia, a 14-mile shape of humps and shallow valleys like a dozing sea serpent settling into the water, with a small white lighthouse balanced on the tip of its nose.

The place was originally called Dencallion and there is a convoluted myth about that demi-god, son of Prometheus and his wife Pyrrha, building a boat there, to escape the deluge Zeus unleashed after Prometheus shared the secret of fire with the mortals.

Personally, I prefer a more recent legend. Spiro Christie, a Greek businessman who made his fortune in southern Africa, sent his wife Dorothy home to find a little place by the sea

where they could grow tomatoes in their twilight years.

This was the 1960s, however, when Aristotle Onassis and Stavros Niarchos excited the envy of the world with the purchase of their islands.

The wife, keen to keep up with the Onassises, heard the 60-acre island was up for sale and promptly bought it, a shopping spree which so shocked her husband that divorce ensued and the island ended up in the hands of their children.

Greek islands are not cheap

## Argirionissos is the only private Greek island that can be rented

to run so Argirionissos is available to rent on a weekly basis. If you can rustle up a few friends, then £1,655 per person (in June) will buy flights to nearby Skiathos, launch transfers, exclusive use of the island, its five staff, all your food, a good deal of drink, assorted watersports and the at-your-back-and-call use of the island's 36ft teal-bull ketch, *Nango*, complete with crew.

If you really want to splash out, a 40-minute helicopter transfer (one-way) from Athens airport would set you back another £413,000 (about £1,140).

The accommodation is in the main house and in a lower, more recently-built villa, both of which have stunning views across the gulf. It is basic but comfortable by Greek island standards; there are plugs in the washbasins and the toilets actually flush all known toilet paper. Meals are usually taken on a stone terrace under a fat fig palm and a spreading plum tree while dolphins perform aquanautics in the bay below.

There are five staff - two Dutch, one New Zealander, a Swede and a Canary Islander - young, serious, but enthusiastic. If the team's make-up seems to lack a certain Greek flavour, Ton,

the Dutch chef, compensates for that by researching and producing food which seems more authentically Greek than most Greek island holiday taverna fare.

Sitting on the candlelit terrace at night, the sound of the cicadas punctuating the rhythms of bouzouki music, while you eat, say, saganaki, fried cheese with fresh beetroot, followed by spetsiada, a speciality from nearby Pelion of sausages casserole with thick green peppers, it all manages to feel sufficiently Greek - despite the fact the food actually arrives hot and promptly and nobody is pestering you to buy a long-stemmed rose.

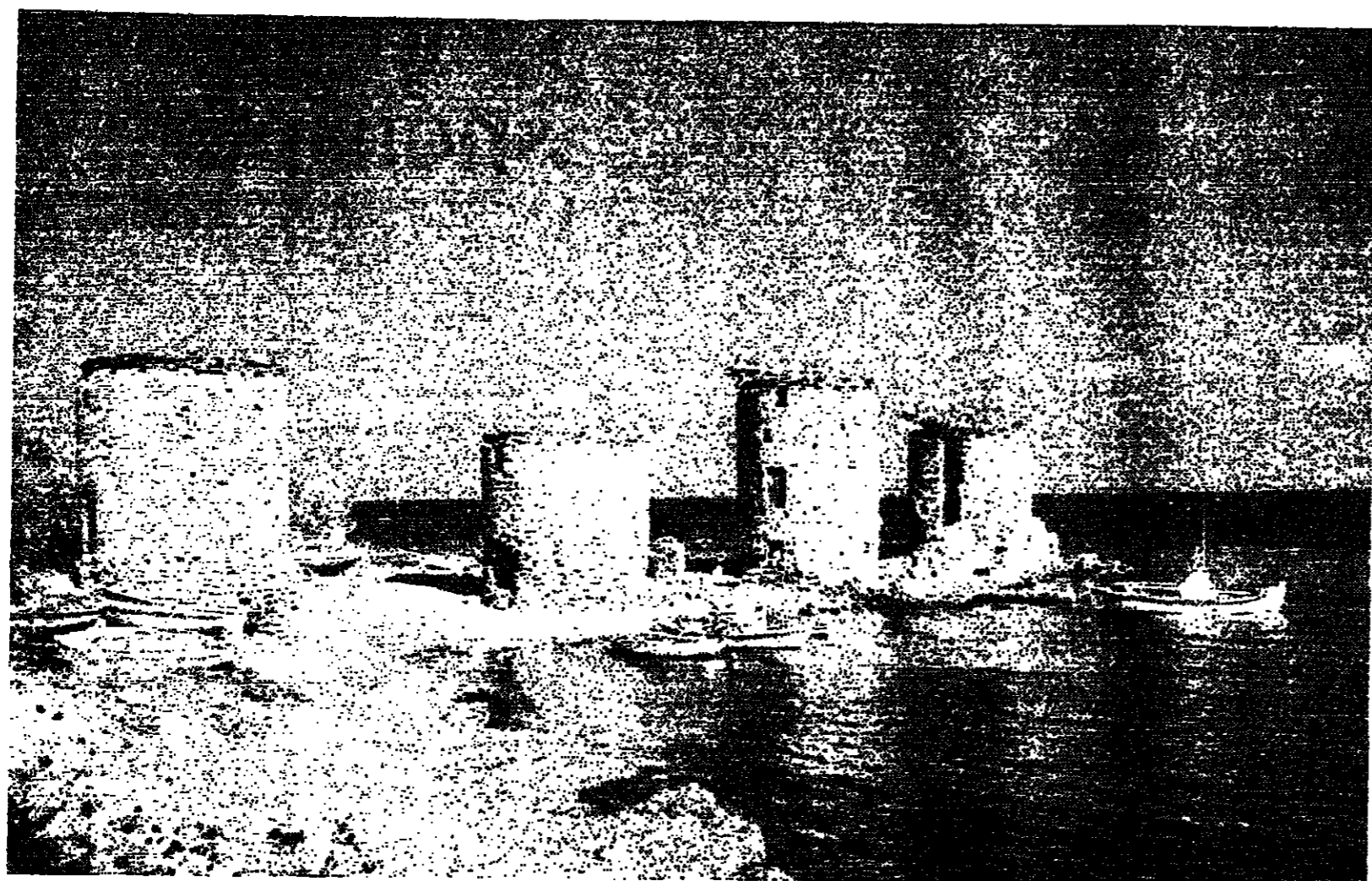
I feared boredom, stranded on a little island, but the truth is there are not enough hours in the day to appreciate Argirionissos.

Nango is the key and Kevin, the New Zealander, sails her like a second skin, offering day trips to the island of Palio Trikeri and its hilltop monastery, to Pigei in the Gulf of Volos, to the tavernas of Agia Kyriaki on the Pelion peninsula or to relax on the long white beach at Ardimerios.

And when you are ready to go, the boat flies you home, chased by *melisses*, the afternoon tradewind. After all that, if you tire of the snorkelling, windsurfing or waterskiing, the books or the games in the library, it is enough just to wander the dusty paths between the olive groves and the cypresses, to pick your way through the miniature flower-filled valleys, to climb each of the little hills, to look out across your own private island with a smug proprietorial air, as wealthy, if not quite as wise, as an Aristotle.

Prices for Argirionissos, which include return flights to Skiathos and speedboat launch to the island, full board including wine, beer and soft drinks, day sails on *Nango*, windsurfing and dinghy sailing, range from £1,655 per person for seven nights in June to £1,575 per person for seven nights in August. Flights and transfers can also be arranged through Athens, contact Greek Islands Club (tel. 01932 220477).

N.M.



Surviving earthquakes and invasions, Chios has remained relatively unspoiled because most of its attractions are hidden away

## Enchanted garden hidden among the citrus groves

When one of the nephews of Marchese Lorenzo Argenti came to visit the marchese's lovely estate on the Greek island of Chios, he was charmed by the carefully restored medieval Genoese buildings surrounded by a secret garden of citrus trees, rosemary hedges, plumage, cascading geraniums, honeysuckle and roses. "This is a very beautiful, totally impractical place and please don't leave it to me," he said.

"Typical of a graduate from Brown University," said Argenti, whose Italian ancestors came to Chios during the 20-year Genoese occupation of the island between 1545 and 1566.

The 52-year-old marchese, a bachelor with the cosmopolitan exuberance, polish and old world civility of an Italo-Greek aristocrat with strong Levantine roots who survived a stint at Stowe, took over the property after his father's death in 1974.

"For many years I did nothing with it; just kept it up. But it became so expensive that I was faced with two simple solutions: get rid of it or keep it by trying to make it pay for itself," he said, sitting under a large lime tree in his villa's paved courtyard.

And so he decided to follow the example of other grand old European families struggling to maintain their estates by taking in paying guests. "My idea was never to turn this place into a conventional hotel but to have house guests enjoying *la vie de château*," he explained.

Staying at Villa Argenti is an enchanting, if at times eccentric, experience. The marchese or his kinsman, Francesco Imperiali d'Affitto, a lively and affable Neapolitan distant cousin in his early 20s who drives a white Alfa Romeo Spider, picks up guests at the island's tiny airport.

The short drive to the estate takes you through the town of Chios, an incongruous urban mix of crumbling buildings and modern houses. The road then narrows and weaves through large stone walls hiding endless citrus groves.

Suddenly you leave Greece behind and enter a little corner of Italy. The Genoese influence is still everywhere and nowhere so strong as at Villa Argenti. The marchese, who is also the Italian consul on the island, flies the Italian flag on top of the main house, the Villa Genoa.

There are several other houses scattered among the citrus trees. In the old days, members of the Argenti family would gather here for the summer, each in their own villa.

Pushing a trolley with my bags and shouting 'rickshaw, rickshaw', the marchese took me to my room at the other end of the labyrinthine garden. It turned out to be a large suite in a small whitewashed villa. There was a bedroom, a sitting room full of old family furniture and objects. But no telephone or TV.

There was a photograph of



Centuries of Genoa in Greece: the Italian flag still flies over the Villa Argenti

the marchese shaking hands with the former Italian president, Francesco Cossiga. And another signed photograph of King George of Greece. "My grandfather," said Argenti.

In another room there was a picture of Ararat in a silver frame. "Another grandfather?" I asked. "No, no," he replied. "I met him when I was a correspondent based in Beirut for the Italian daily *Il Tempo*."

The estate, like the island of Chios, has had a long and turbulent history. My first night was also turbulent. As I was

falling asleep, I heard cries of help coming across the orange trees. The cries got louder and louder and set all the neighborhood dogs barking, the donkeys braying and the peacocks screaming.

A journalist from the Jewish Chronicle had locked himself in his marble loo in a villa in another remote part of the garden. The marchese and his kinsman came rushing through the grove with a huge toolbox. The marchese had been sipping a nightcap by the estate's ornamental marble fountain (built with the same marble used for the Acropolis in Athens) when he heard the screams.

"Murder at the villa: I immediately thought of Agatha Christie," he said. It was more like Fawcett Towers. For a good two hours, the warm night was filled with a monstrous racket of banging accompanied by the chorus of barking dogs, screaming peacocks and braying donkeys as the marchese and his kinsman backed down the loo's ancient wooden door.

The estate has experienced worse moments. The Genoese were caught up in the Turkish massacres of 1822. In the garden are two handsome statues of the marchese's ancestors killed at the time. "Most Genoese families subsequently left the island. Today, apart from me, only two others have kept their villas. In all, there are now only 10 Italian permanent

residents on the island," he explained. But if the 1822 massacres were not enough, Chios was devastated by an earthquake in 1881, which killed thousands and inflicted extensive damage on Villa Argenti. It was the marchese's father, Philip Argenti, a Greek diplomat, who set about restoring the property over a 40-year period, following the original Genoese plans.

The garden was also lovingly restored. The family's old Greek gardener, who is still looking after the citrus groves and the formal garden, was sent to Ventimiglia and Nice to learn how to lay out and look after a traditional Genoese or Ligurian garden. The result has been spectacular: a little garden of Eden in the most unexpected place.

For Chios has never been one of the most popular destinations on the Greek island

teaching his pupils. The marchese encourages his guests to explore the island during the day. "We don't serve lunch here, just breakfast and dinner," he explained. But dinner is a big event at Villa Argenti. Guests meet for cocktails and then dine by candlelight while a piano tinkles away in the background.

Until last year, the food was prepared by the marchese's old family cook. But she is now 79 and broke her arm last year. "It was clearly too much for her so we now have a Greek who during the day teaches cooking at Chios," he said.

The marchese also personally trains his part-time waiters (one is an accountant, another an electrical engineer, the third a pastry cook during the day) to serve food as if they had just come out of a top Swiss hotel and restaurant school. His very first guests when he opened his house in 1967 were, after all, the former US president Jimmy Carter and his wife Rosalind. His second guest was the former Queen of Italy, Maria-Jose di Savoia.

The food has some Greek touches, but it is essentially the sort of meal you would expect to eat at a good Italian house party: Greek hors d'oeuvres, followed by pasta whose *cottura* is tested by the Neapolitan kinsman, then a Boeuf Wellington, and a light pudding, all washed down with bottles from an extensive list of Greek and Italian wines.

The marchese wants everything to be perfect. To such a point that almost everything - from soap powder to chocolates - comes from Italy.

With only five suites and one deluxe bedroom, Villa Argenti is too small to be a commercial business. "That was never the idea. I felt I had to continue my father's work of restoring the property and keeping it," said the marchese. "It would be such a pity to let it all slip away."

Holidays at Villa Argenti, including scheduled return flights from Heathrow to Athens and flights to Chios, private suite and daily breakfast, range from £615 per person for three nights in June to £1,330 per person for seven nights in August, through Greek Islands Club, tel. 01932 220477.

There are few famous classical sites on Chios. But there are interesting medieval villages such as Pyrgi and Mesta where time seems to have stood still; a Byzantine monastery at Nea Mona with some very fine mosaics and frescoes dating back to the 11th century; and Homer's rock not far from the capital on which the bard is supposed to have sat

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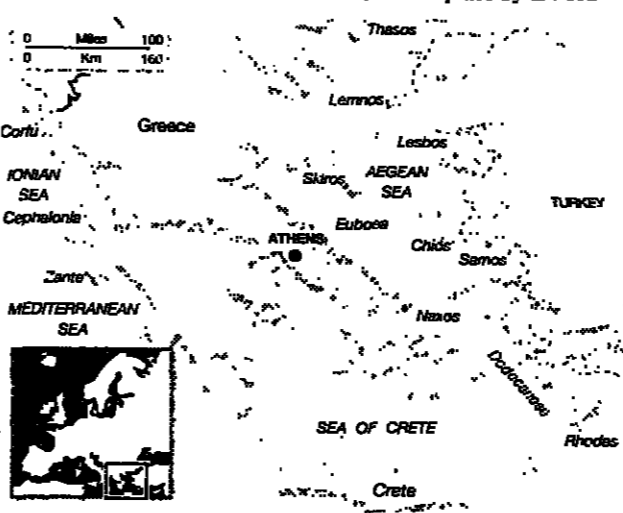
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P.B.



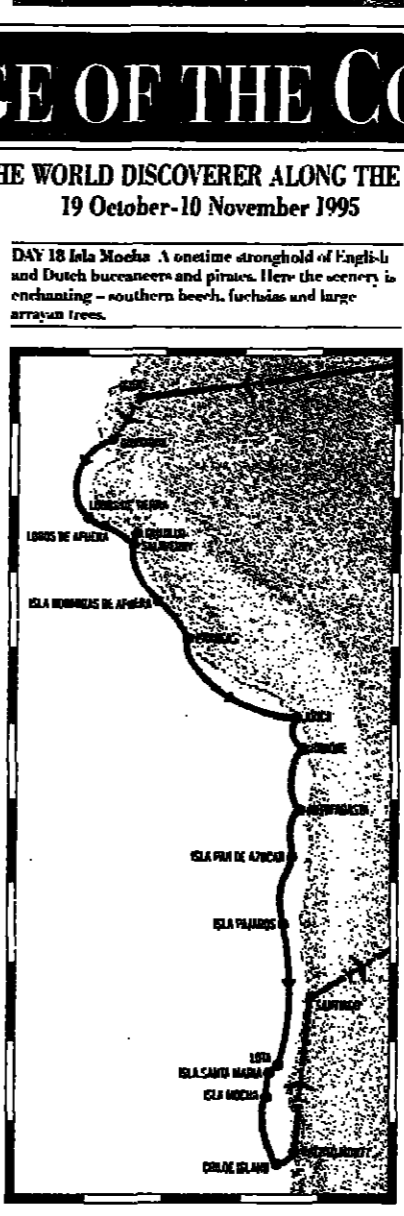
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Forays into the mainland interiors will include: the opportunity to view the Nazca Lines in Southern Peru, the magnificent Lauca National Park on the Chilean/Peruvian border where we should see vicuña, alpaca, vicuña, condor and guanaco; and Chilo Island, a spectacular green and beautiful island.

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- DAY 5 Lobos de Tierra-Lobos de Afuera. Explore these magical islands, a haven for birds - see the beautiful Incan tern.
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- DAY 9 At sea
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- DAY 15 Isla Pajaros. Explore the indented shoreline by Zodiac, a spectacular area of penguins and southern sea lions and sea chicks and crows.
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## SPORT

Cricket/Teresa McLean

## The problem of abundance

Sports personalities; star quality players - call them what you will - the fact remains that they are here today and gone tomorrow. It all happens at high speed, not just at the declining end, where one expects bright stars to fade quickly, but also at the start of their famous careers.

Brian Lara burst on to the scene in England with his 501 not out for Warwickshire last season. Warwickshire had signed him as their overseas player because he was already a hero in the West Indies. His 375 in the last Test of England's 1993/4 tour of the West Indies was the most anyone has ever scored in a Test match.

There would be little point in listing Lara's great achievements. There is more point in looking at the West Indies as a whole this summer because they have a wide range of powerful, potentially problematic players who need to be carefully managed.

Captain Richie Richardson is a man of few words, who with stands public pressure by keeping quiet when he has nothing to say. He refused to be drawn into complaints about umpire Harold "Dicky" Bird's unfortunate not out decision early in Neil Fairbrother's valuable innings during The Oval Test.

This was greatly to Richardson's credit, not just because it upholds the principle of accepting umpire's decisions, but also because it strengthens Richardson's position as a captain above controversy.

He has a lot to hold together under his control and the presence of the experienced and respected Courtney Walsh, captain while Richardson was too exhausted to play, now vice-captain and adviser, might sometimes be overpowering as well as useful.

The grand old men of West Indies management are Wes Hall (manager) and Andy Roberts (coach), both former players, both strong presences. "Wes's word is law," I was told in reverent tones by one of the tour's Caribbean sponsors.

Coach Andy Roberts struck me as something of an eminence grise. He told me with a slow, sure smile: "Cricket is played 40 per cent on the field of play; 60 per cent in the mind." He thinks England are under extra pressure in this series because they are playing at home. "The West Indies, like England, do better away from

home." While England have the appalling burden of past defeats, inconsistent players and poor management to put behind them, the West Indies have the burden of their recent defeat by Australia and the challenge of a less stable bowling attack than usual and some new, young talent to bring to its best.

The pace attack has a tempestuous brace of Benjamins and a trio with injury problems to nurse: Ian Bishop, Curtly Ambrose and Courtney Walsh, the last of whom left the field at The Oval in his sixth over, suffering from "a niggles in the lower back". He intends to ensure his fitness for all the Test matches.

English county players have experience of all these bowlers, whereas young Rajnara Dhanraj's leg spin is a novelty. It was good to see Keith Arthurton and Carl Hooper spin bowling aggressively in the one-day games, never letting the batsmen settle.

Test matches are different from one-day matches, as the West Indies rejoice in reminding us. I cannot remember a really fine West Indian spin bowler in Test matches since Lance Gibbs and Gary Sobers 20 years ago and the Caribbean preference for pace is as strong as ever. As Hall told me: "We don't play spinners, darling. We are the West Indies."

Nevertheless, they take care of leg-spinner Dhanraj and leg-spin bowler and batsman Shivnarine Chanderparat: both were kept away from interviews "because they are young and shy".

It will be interesting to see how well their spin can flourish this summer. Maybe bowling variety can be an enrichment, rather than a sign of weakness, as the West Indies and I am afraid, England nowadays tend to view it.

The tourists' fielding can be breathtakingly fast and accurate. Usually I think it is a mistake to get the West Indies worked up; their fast bowlers and flamboyant batsmen in particular often play better when they are angry.

But there might be problems of integration with this squad's assortment of new, young talent, temperamental talent, superstar talent and older, more experienced talent, still capable of incandescent play.

The West Indies are discovering that abundance as well as poverty can give teams sensitive spots needing sensitive handling.

Golf/Derek Lawrenson

## A US Open to remember

The US Open, the second oldest of golf's four major championships, reaches its centenary next week at Shinnecock Hills, New York. In 1896, the tournament was held at the same venue and won by James Foulis, with a 36-hole score of 152. Anyone shooting 153 after two rounds this time has no hope of making the halfway cut.

For all the progress, the tournament's essential aims have remained the same. While the US Open and the US Masters have forever been a celebration of all the game's arts, winners of the former have always been called upon to demonstrate more prosaic qualities.

Not for the organiser, the United States Golf Association, the thrill of an exquisite recovery shot from deep rough to set up an unlikely birdie. Miss the fairway at a US Open and the density of rough is such that the only option is to start again.

The shotmakers have long derided this policy, declaring the championship a 100-year war of attrition. The USGA's answer is simple: we want our champion to be the man who hits the most fairways and the most greens and holes one or two putts. Is that not what the game is supposed to be all about?

Well maybe, but it can also be exceedingly boring. I have attended the last 11 US Opens and the only way I can remember being at five of them is through looking back at old cuttings. One of the great golfing sights during my lifetime has been watching Severiano Ballesteros extricate himself from all sorts of trouble, but not at US Opens. There, the Spaniard's art is taken away from him.

One I do remember, though, was at Shinnecock Hills in 1996 and of all the courses on the

US Open rota this is the one that is the furthest removed from the stereotypes.

Indeed several of the holes are pure links golf and would not look out of place on the Kent coast around Royal St George's and Rye. Raymond Floyd was the winner with Lanny Wadkins second. Greg Norman had his chances to win and so did Payne Stewart - shotmakers all and we can expect such players to dominate this time.

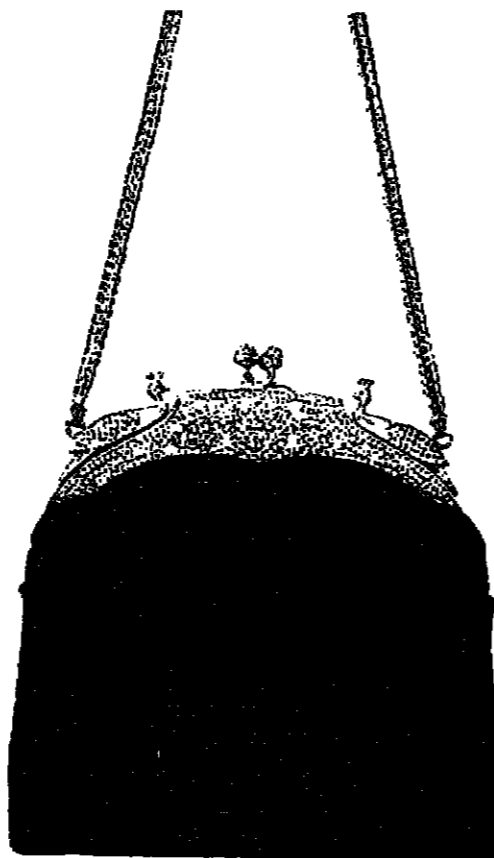
Note, though, the lack of European names. There was a very good reason for this: most of them were not invited. Even Nick Faldo.

Thanks partly to the persistent efforts of the European Tour's executive director Ken Schofield, the USGA has woken up to the fact that golf is now a global game and that winners can come from everywhere. The defending champion, Ernie Els from South Africa, is ample proof of this, and he will be joined by, among others, the leading 15 players from last year's European Tour and a further sprinkling from around the world.

The Europeans, in particular, should feel at home. The course is situated on an exposed piece of land on Long Island where the temperatures are traditionally no higher than in Britain at this time of year and the wind is invariably blowing to some degree.

No wonder the feeling persists that if Faldo or Ballesteros or Bernhard Langer are to win a US Open then it will be at Shinnecock. Faldo in particular is so excited about his chances that he visited the course for three days this week.

The US Open, then, is set fair for a splendid centennial, a memorable tournament that we should all have no difficulty recollecting in years to come.



Most elegant: black satin evening bag with peacocks and rhinestones

## HOW TO SPEND IT



Leiber at her most exquisite: fan-shaped minaudières

## Adorning the arms of the affluent

The handbag may be an art-form, even when it holds only credit card and lipstick, writes Lucia van der Post



Judith Leiber

To those who regard a handbag simply as a practical receptacle for carrying the essentials of daily life, Judith Leiber's bags could come as a bewildering surprise. For Judith Leiber, the bag is an art-form and the fact that many of them are designed to hold little more than a credit card and a lipstick is entirely beside the point. "What's an escort for?" she is rumoured to have replied when asked how their owners were expected to carry a comb.

Far from being anonymous, utilitarian objects with a humble supporting role, Judith Leiber's handbags are stars in their own right.

Her bags carry no logo, no designer's initials, no persistent bits of gold, yet, to their fans, they are instantly recognisable. They are to be found in museums and prominent fashion collections and last month could be seen at a retrospective exhibition of their own at the Fashion Institute of Technology in New York City. They can also be seen on the arms of some of America's most prominent women, as well as adorning anonymous fans who save for months to own one of her designs.

Nancy Reagan and Barbara Bush both commissioned special numbers for their inaugural ceremonies; Hillary Clinton owns one fashioned in the shape of the White House cat, Socks. Kim Basinger, Zsa Zsa Gabor, Jessica Lange and

Ivana Trump can also be counted as fans. Some of her customers become slightly manic collectors: one of them being rumoured to own more than 70. Others are said to devote rooms to their collections.

As yet, her profile in Britain remains low. On sale only in Harvey Nichols and Asprey, most of her British fans have seen them in one or other of America's swankier stores. According to a new book about her work: "The women who own, and very often collect, Leiber bags are, for the most part, affluent. These women wear designer dresses and real jewellery, or costume jewellery so good and so expensive that it looks real. But a surprising number of Leiber owners are in less exalted financial brackets. They are mid-level career women who sacrifice other purchases to buy one bag, some because they can't resist a design, some because the bag adds an aura to their outfit, and some simply for status."

Once seen, a Leiber handbag is not forgotten. Many of her bags are inspired by Oriental works of art, by museum pieces, by antiques. Some are exquisitely beautiful - I recall an ebony box inspired by Japanese inro, a translucent smoky-coloured Lucite version with a gold-plated frame (now in The Metropolitan Museum of Art), and an austere black suede evening bag with a beautiful Lucite bar handle with rhinestone decorations. Others are more notable for their wit - the handbag shaped minaudières, a glitter with rhinestones, the trompe l'oeil parrots and Buddhas, fruit, and animals. Others seem to me so grossly vulgar as to quite take the breath away. All, it has to be said, are eye-catching. Some glitter like jewels at the shoulder or in the hand, and are all the little black dress requires to bring it to life. Others seem to shriek of vulgar Dallas-style excess.

Judith Leiber was born in Bush, both commissioned special numbers for their inaugural ceremonies; Hillary Clinton owns one fashioned in the shape of the White House cat, Socks. Kim Basinger, Zsa Zsa Gabor, Jessica Lange and

had been destined for cosmetics. Her business is, at one level, small - she sells only about 25,000 handbags a year. Since these sell at between \$800 and \$4,200 each, the business begins to look somewhat less small.

Judith Leiber provides five collections a year of about 100 different designs. Some are variations on popular themes (pandas, animals, fruit, others are completely new. The "jewelled" bags require about 7,000 and 13,000 rhinestones, all put

in by hand. A great deal of handwork is involved in all of them. The frames are said to be the best there are.

Works of art they may be, but Judith Leiber's bags are meant to be used, to be cradled in the hand, to be swung over

the shoulder, or even, as Judith Leiber herself sometimes does, to be worn around the neck.

More than half a century ago, so Enid Nemy tells us in the book, the late Diana Vreeland, the legendary high priestess of fashion, "announced that 'we're going to eliminate all handbags'. At that time she had a shirt with inside, rather than outside, pockets, and carried in them lipstick, rouge, powder, comb, cigarettes and money. Therefore, she asked rhetorically, why in the world would she need a 'bloody old handbag'?"

Well, the fact is, modern metropolitan woman does not seem to care to wear a shirt with inside pockets every day. She seems to feel a handbag meets her needs and she likes to have several to cater for different moods and options. The handbag is unlikely to disappear just yet.

■ The Artful Handbag: Judith Leiber with text by Enid Nemy and photographs by John Bigelow Taylor is published by Thames and Hudson, £25.

■ Judith Leiber handbags are to be found at Asprey of 165 New Bond Street, London W1 and Harvey Nichols of Knightsbridge, London SW1.

ROMVLVS



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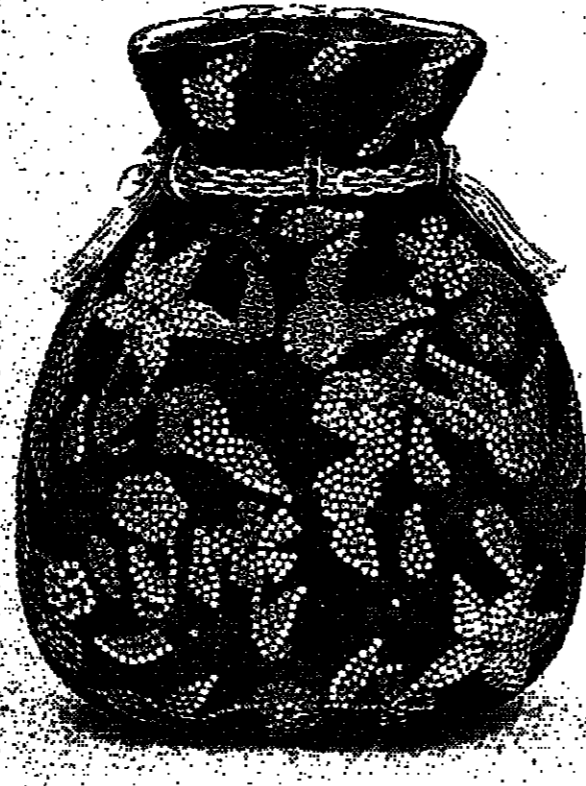
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## GARDENING / MOTORING

**T**iming matters, even in the garden. Received wisdom tells us that this weekend is a hiatus, a catching of breath before the extravagance of high summer.

The "June Gap" is sent to test us, as if to alarm gardeners that nothing much will follow. Exceptional seasons have helped to confuse the old wisdom and, by now, some of you have climbing roses which are past their best. Those of us on difficult soils and situations know the experts' warnings. The roses are just beginning; the scarlet poppies are scandalously bright; the lilacs are fading, but the stage awaits the main act.

How does the June Gap look in a great garden? The need to weed limits my radius but between the showers I have returned to the great garden which can be so frustrating to visitors later in the year. Nobody will dispute the genius of the main design at Hidcote Manor, near Chipping Campden, Gloucestershire, the masterpiece of the late Lawrence Johnston. The problem lies in its enlargement, planting and transformation from the neatly clipped domain of its "quiet American" owner to a primary place of pilgrimage for the National Trust.

If you too have grumbled, try visiting it earlier on the edge of summer. Perhaps there is a gap in Hidcote's armoury, but it certainly does not fall on the border of May and June. The wisterias are still dripping from the roofs of the garden sheds and running high up the hedges where few of us try them. Britain's best mauve-violet Solanum Glasnevin is gutter-high with flowers by the main entrance. Even those hectares of busy ground cover look fresh, green and flowery on the banks of the lower garden's stream. In early June, you understand why Graham Thomas planted so much blue-flowered Brunnera, so untidy in late summer.

Elsewhere, peonies are just beginning, but at Hidcote the famous single pink Paeonia arietina is looking incomparable. Single flowered yellow and white roses are arching all over the dry Mediterranean garden which is later such a maquis of dusty cistus. Southern gardeners with bolt holes should take note. I cannot imagine why the gardeners combined the deepest blue anemone with a pale mauve geranium at the top of the gar-



Never mind the gap: Hidcote Manor blooms in June

Gardening / Robin Lane Fox

## Wisdom bridges the June Gap

den's main vista beyond the double thickness of hornbeams on stems. But Lawrence Johnston's surrounding green architecture diverts attention from a National Trust tea room. On a low stone wall, dozens of pale lilac Ramondas are flowering on the vertical slope which they prefer, accompanied by their easier relations, the Haberleas, neglected plants for shade.

They are easier than you would think: my dry soil houses a happy pink Ramonda, a peace offering from an FT reader four years ago. Beneath the Hidcote hedges, the double white flowers of Fair Maids of France seem to find the damp which they prefer. This fine wild plant, Ramunculus acanthifolius, ought to be tried more often where the ground is shaded and not too dry.

We are a lucky generation with great gardens of the 1920s and their great flowering trees, now mature wherever the gales have missed them. I could see many of us growing one of the dark-flowered Canadian lilacs, deep forms of Syringa prestoniae, which are such a good background for the borders of old-fashioned

which is slow.

They would find it harder to imitate the far side of the same wall, one of the best botanical views from a National Trust tea room. On a low stone wall, dozens of pale lilac Ramondas are flowering on the vertical slope which they prefer, accompanied by their easier relations, the Haberleas, neglected plants for shade.

They are easier than you would think: my dry soil houses a happy pink Ramonda, a peace offering from an FT reader four years ago. Beneath the Hidcote hedges, the double white flowers of Fair Maids of France seem to find the damp which they prefer. This fine wild plant, Ramunculus acanthifolius, ought to be tried more often where the ground is shaded and not too dry.

roses. On acid soil, many of you would like the pink-white Rhododendron chartophyllum, which has plainly never heard of the June Gap.

The sight of the week is more challenging. Wondering where the gap had gone, I lit on a tall tree with hanging white flowers like the large lily on some special tea set. It is one of the Chinese Magnolias and I think it must be Wilsonii, named after the great plant-hunter from his nearby Gloucestershire home.

This tree does not hate lime, but it is happier on neutral, damp soil. If you plant one, and wait 10, maybe 15 years, your gardening will not seem pointless. Nothing can match this tree's sensory texture, the chunkiness of the smooth white petals with their purple centres and the silkiness of the surrounding leaves.

All of you would envy a skin like the leaves on Magnolia Wilsonii, improving with time. Plant one and compensate for ageing: bridge the June Gap, or, if you lack the soil and patience, watch for these Eastern trees in gardens grand enough to take the long view.

Motoring / Stuart Marshall

## A child safety blindspot

**S**peed kills, we are told constantly. Of course it does. If it means driving faster than road conditions permit. Driving under the influence of drink or drugs, or in a car with dangerously worn tyres, or without dipped headlights in poor visibility are potential killers, too.

Last year, 69 child passengers were killed and 1,390 hurt badly in UK car accidents. Children under four are 10 times more likely to be killed if unrestrained, even in a crash as slow as 50mph (80kph). But 90 per cent of injuries could be avoided if child restraints were used correctly.

This massacre of the innocents seems set to continue until the law on child restraints is tightened up and

parents made aware of their responsibilities.

Car-makers have a part to play, too. I have fastened my grandchildren's safety seats into dozens of different vehicles. Sometimes, I have been appalled at the sheer awkwardness of passing the belt through the seat frame, pulling it really tight and clicking the metal tongue into a socket hidden partly or wholly by the child seat.

It would be so much easier if all cars were like the latest BMW 750Li: the sockets are in full view on the outside edge of the back seat. I have some sympathy with parents who have tried, and failed, to install safety seats properly - but none for those who risk their children's lives by letting them

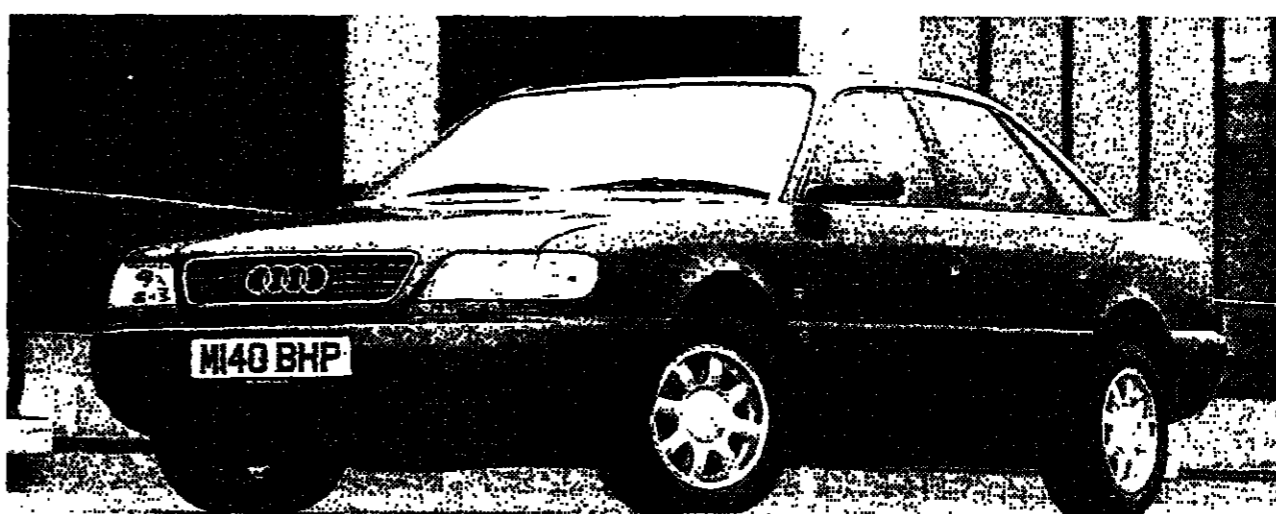
ride loose. On the irresponsibility scale, this surely rates almost as high as drink driving. If some of the official resolve to curb drink driving could be focused on making parents understand the need - and their legal responsibility - to restrain children properly in cars, lives would be saved.

Why not on-the-spot fines for drivers of cars with unrestrained children? France has them. In the UK, they can be imposed on adults foolish enough not to wear seat belts. But risking a child's life earns only a caution.

The law says children under three must not be carried in the front seat unless restrained properly. In the back seat, though, it states merely that a restraint must be used if avail-

able. Rear seat belts (used normally to secure child safety seats) have been fitted compulsorily to cars only since 1978. So, an infant may ride legally in the rear of a pre-1978 car, free to fly through the windscreen or be hurled to its death out of a side window in a crash. Simple child safety seats, and conversion kits for installing them into many pre-1978 cars, are available. Is it not time the government plucked up its courage and told owners of old cars that, if children cannot be restrained properly in the back seat, they must not be carried at all?

Britax, which sells one child safety seat in two in the UK, has published an excellent child car safety guide. Call 01264-356034 for a free copy.



### Big saloon with a super-mini's thirst: the Audi A6 TDI

I prefer executive-class cars with only two pedals, but a manual gearbox model with which I could happily live is the latest Audi A6 TDI.

Its 140-horsepower, direct injection turbo-diesel drives the front wheels through a six-speed box. I cannot think of a better choice for the business user who wants a really big saloon with a super-mini's thirst.

The small minority of super-economical, direct injection diesels tends to lack the refinement of those with indirect injection.

But the Audi's muscular five-cylinder is acceptably subdued at start-up and almost silent on a motorway.

In part, that is due to the gearing. The

A6 TDI is so long-legged that, at 70mph (113kph), the engine is turning over at a lazy 2,000rpm in sixth gear.

An economy-minded driver finds sixth still usable at only 1,000rpm and 30mph (50kph).

Without changing down, acceleration is understandably sluggish, although the engine remains remarkably smooth.

But slip the finger-light gear lever back into fourth, let the engine spin up to 3,500rpm, and this big five-seater fairly leaps away.

I bettered 42 miles per gallon (6.73/100km) on a combination of cross-country and motorway journeys. A heavy-footed driver exploiting the engine's high power output constantly, rather than its massive

low speed torque (pulling power), might bring this down to the low 30s - which would still be not at all bad for so large a car.

Yet wasting fuel through hard driving would also mean throwing away the second strongest card in the Audi's suit: its utter relaxation on a long journey. Ride comfort is good (if not best in its class), the handling nimble, and the steering weighted nicely.

There is no trace of wood veneer in an honest, practical interior with well-shaped seats and lots of leg room front and back.

The boot is so big that two sets of golf clubs in their trolleys almost had room to rattle around. Prices start at £22,810.

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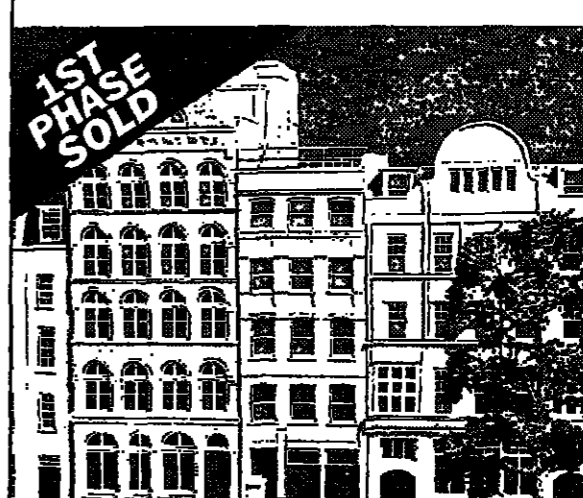
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## BOOKS

## The national narrative

The state of our culture, Robert Hewison's new book reminds us, is bound intimately to the culture of our state. The creation of the department of national heritage in 1982 represented, according to Hewison, a "disguised act of modernisation", the belated recognition by the state of its responsibility for the quality and variety of the nation's cultural life. Although in some ways a noble gesture, Hewison sees it as, so far, an ineffective one, with the opportunity to develop a value system which promotes the existence of a "common interest in the health of the arts" being thwarted by more prosaic economic considerations.

The price of culture has been allowed to obscure its value. Culture is a political issue, and vice-versa. What culture does, argues Hewison, is to put "the flesh on the bones of national identity", providing it with "the shaping, moral medium for all society's activities". A nation's culture, therefore, far from being a private matter, is "vital to national existence". It should not be regarded as a "closed canon or a reliquary for past

values", Hewison insists, but rather as "a way of thinking and feeling about the possibilities of a better life". It should be respected and encouraged in its role as "the national narrative, the ground of identity and the support of society". What Hewison wants to see, in short, is a shift away from a preoccupation with "value for money", towards a commitment to "money for values".

Such a shift has been made possible, Hewison believes, by the recent "crisis of national identity" sparked by the effects of Thatcherism and symbolised by the Queen's "annus horribilis" of 1992. Walter Baggebot (one of the few authorities overlooked by Hewison) has stressed the importance of the "theatrical show" of society, a "certain charmed spectacle" with the monarch as its climax; the monarch provided "a visible symbol of unity to those still so imperfectly educated as to need a symbol", while the royal family sweetened politics

"by the seasonable addition of nice and pretty events". More than a century later, the events had become neither nice nor pretty, the spectacle charmless and the monarch more a symbol of division and confusion. The department of national heritage, torn between culture and con-

**CULTURE AND CONSENSUS: ENGLAND, ART AND POLITICS SINCE 1940**  
by Robert Hewison  
Methuen £20, 448 pages

servation, was, according to Hewison, a product of this confusion. On the one hand there was the modernism of David Mellor, seeking an effective ministry of culture, more than "the office of arts and libraries on wheels", promising to explore a new way forward for the arts; on the other there was the benign but backward-looking position of John Major, recalling

Orwell's vision of "the long shadows falling across the country ground, the warm beer, the invincible green suburbs, dog-lovers and football pools, fillers... old maids bicycling to Holy Communion through the morning mist."

The bulk of Hewison's book is given over to a breezily felicitous account of how this sense of confusion came to replace the old liberal collectivist consensus. We are taken from 1940, the year in which the Arts Council was conceived, through the critical seriousness of the '50s, the libertarianism of the '60s, the growing tensions of the '70s to the years of the Thatcherite "counter-revolution", which caused the national narrative to be "sieved through the narrow accountability of a sterile search for value for money" ("The party is not over," said Lord Gower in 1985, "but the limits of hospitality have been reached").

Hewison charts the change in attitude and policy with considerable

skill. The problems occur when he tries to suggest a constructive and coherent strategy for the future. His historical account is so generous in acknowledging other sources that it is sometimes difficult to keep sight of his own distinctive arguments, and his brief concluding analysis of the "search for new forms and new methods" is frustratingly elusive. Aside from his conviction that "there is every possibility that the new century will produce a new and as yet unimagined modernism", which he then goes on to imagine as being informed by something he calls "a more feminine consciousness", "pluralism" and "a greater ecological sensibility", he offers us little of consequence.

The appeal of *Culture & Consensus* is rooted firmly in its value as an accessible and generally judicious work of popular cultural history. The ways in practice whereby cultural policy can come to play a greater and more effective part in the national debate about a "new consensus" will, however, need to be the subject of another, very important, book.

Graham McCann

## Why the Red Flag was furled

Why did communism collapse in the Soviet Union and eastern Europe without war?

The short answer to the question is that military conflicts have indeed occurred in several countries. Violence continues in Moldova and Azerbaijan, and a vicious civil war has engulfed Tajikistan and the former Yugoslavia. And yet it is remarkable at the moment that communist states have gone into oblivion more with a whimper than with a bang. In seeking to explain the phenomenon, David Pryce-Jones has gone on a grand tour of Europe between the river Elbe and the Ural mountains and asked leading politicians about their activities in the late 1980s.

This is a useful project to have attempted. The contemporary documentation of discussions in the Soviet Politburo and its surrogate party and government bodies elsewhere in the eastern bloc is very far from complete as yet, and even though many communist leaders have published their memoirs, few have been any more informative than recently-retired British Conservative ministers in theirs.

By interviewing close colleagues of Mikhail Gorbachev such as Alexander Yakovlev and Vadim Bakatin, Pryce-Jones has had an opportunity to make an enquiry on his own terms. This method succeeds in a couple of interesting ways. Politicians are masters of public dissimulation, but under direct interrogation the mask tends to slip. Even Bakatin's puppy-like devotion to Gorbachev and his achievements proves to be streaked with exasperation.

So there are plenty of glimpses at the misunderstandings, jealousies and antipathies among the various leaders. Also on show is Gorbachev's impact on a huge process of international political disintegration. He transfixed his subordinates with his daring imagination. He was also witty, avoiding the temptation to impose Soviet-style *perestroika* directly upon other countries: he preferred to persuade by example.

In 1989 the Bulgarian communist reformer Petar Mladenov told Gorbachev that he had it in mind to try to remove the ageing anti-reformist Todor Zhivkov from power. Mladenov expected to receive support or at least a few words of advice. Instead Gorbachev told him bluntly: "This is entirely your business. You have to sort it out by yourselves."

Of course, the Soviet general secretary had a gigantic influence on the course of events when making decisions on the USSR's behalf. Among the many striking instances in the book is the very personal sanction given by Gorbachev in conversation with Chancellor Helmut Kohl to proposals for Germany's political reunification. Even Shevardnadze, Soviet foreign minister during most of Gorbachev's rule, was at times virtually the general

secretary's errand-boy.

The importance of historical contingency in the downfall of the Soviet outer and inner empire is repeatedly asserted. Individuals, their personality and decisions and even their whims, counted. Furthermore, "power politics" among ambitious, over-confident communist leaders were undoubtedly a key element in communism's collapse. Gorbachev, Yakovlev and Bakatin were no angels. They instigated their reforms in the hard-headed hope of keeping Marxism-Leninism as the guiding ideology of the eastern bloc, and devious manipulations figured even in their apparently democratic initiatives.

Even so, it is depressingly unconvincing to describe Alexander Yakovlev, one of the first advocates of *glasnost*, as merely "a throwback to the old communist stereotype". Perhaps the book pays a price for its dominant reliance on inter-

**THE WAR THAT NEVER WAS: THE FALL OF THE SOVIET EMPIRE 1985-1991**

by David Pryce-Jones  
Weidenfeld and Nicolson £22, 456 pages

views; for the technique proves to be better at evoking the atmosphere than at explaining the causes of change.

The nub of the matter is that communism was peacefully terminated in Russia and many other countries to a large extent because communist elites anticipated the collapse and made their own political and commercial preparations. And they continue to profit from this. Pryce-Jones rehearses much cogent information on the financial malpractices of Gorbachev's Politburo colleagues before 1991. No wonder the Politburo did not go down fighting against the mutants being made by capitalist-style reforms.

But why did the rest of Soviet society accept the transformation? The response must be that the dissolution of the USSR and Marxism-Leninism has left many segments of the communist state still standing. Massive governmental subsidies still support the collective-farm system. Few large privately-owned factories, however badly run, have been allowed to go into liquidation. Brezhnev's Russia still lives. A popular saying used to sum up the unwritten social contract of the 1970s: "We pretend to work and you pretend to pay us." The greatest test for reform in that unfortunate country will come when a Russian government at last decides to tear up the contract. Despite his bravado, Boris Yeltsin has not yet done this. And indeed when he or his successors pick up the challenge, the social and economic disorientation could lead to violence. It might then, alas, not be possible to write about the war that never was.

Robert Service

## The cost of complacency in the City

The golden age in the Square Mile was also the age of missed opportunities, writes Richard Lambert

The two decades leading up to the first world war were a golden age in the City of London. Its financiers raised almost half the world's total exported capital; as the only free gold market, it offered a unique attraction to overseas depositors.

The City was the communications hub of the Empire, and the main market for insurance, many commodities and ship chartering. Bills of finance drawn on London financed most of the world's trade. City tycoons lived in extraordinary luxury. Its teeming alley ways and offices provided employment for hundreds of thousands of clerical workers.

But this was also a time of missed opportunities. The second volume of David Kynaston's extraordinary history tells a story of conservatism and complacency, the long term costs of which were to be felt well beyond the Square Mile.

"I challenge anyone to point out a single industry in this country which has taken root, and has grown and flourished during the past twenty years," wrote the chairman of GEC in 1901. One reason was that, with a few exceptions, British financiers took a lofty view of domestic industry. "I confess that personally I have a horror of all industrial companies," Barings' Lord Revelstoke wrote in 1911, and he was not alone.

Britain's system of deposit banking was extraordinarily stable - there had been no big bank failure after the City of Glasgow smash in 1878. But what Kynaston describes as "obedience to the god of liquidity" had big drawbacks when it came to industrial finance.

Bank amalgamations had created a system that was bureaucratic and mainly London-based, biased in favour of big companies and against the forces of innovation.

The joint stock banks were unwilling to provide long term finance. One observer noted sadly the contrast with Germany where banks took "a much larger and more direct interest in the commerce of their country than is the custom here... British banks,

on the other hand, look only to their own stability; and by doing this they are, in the end, doing more for the cause of industry than their German rivals."

So they were unwilling to become equity holders, to be involved in the domestic capital market, or to take on any significant management role.

The established merchant banks were also deeply conservative, wedded to the family based private partnership and operating increasingly like an exclusive club. Trade finance and international loans were their meat and drink. They largely missed out on newer lines of business: arbitrage and foreign exchange; industrial finance, South African gold mines; Chinese loans.

The Stock Exchange's orientation, too, was mainly international. New equity issues were not an activity for gentlemen: better to leave them to company promoters like Whitaker Wright or Horatio Bottomley. (Wright chose a cyanide pill rather than seven years' penal servitude. Bottomley was visited by the padre in Wormwood Scrubs, who found him stitching nail bags. "Ah, Bottomley, sewing?" To which the financier replied, "No, reaping.")

Did it matter, asks Kynaston rhetorically, that by far the most important financial intermediary in the early history of the British motor-car industry was a crook? Of course it did. The unscrupulous operations of Harry Lawson damaged pioneer motor producers such as Daimler, and initiated what was always to be an uneasy and distrustful relationship between that industry and its financiers.

The City had its own ways of recruitment. Personal contacts and nepotism was most important. As Edwin Waterhouse, the grand old man of City accountancy, advised his son: "My dear boy, though you are

pretty hopeless in your work, for goodness sake be one of the first in the queue every morning so at least my partners will think you are trying."

Sporting prowess was also helpful. The Stock Exchange had a well deserved reputation for producing first class cricketers. Formal qualifications were rare - least of all university degrees. Otherwise, a five-minute interview was about the going rate for



St Stephen's Walbrook and the Mansion House in the City of London, circa 1895

a 50-year career. Fortunately, the City then - as now - was open to outside talent and its wealth was a powerful magnet for talented immigrants.

"Lombard Street under foreign control" complained the Bankers' Magazine in 1901, and names like Ernest Cassel, Saemy Jabpet, Chester Beatty and Ernst Friedlander recur through the book.

There were twice as many Germans as English at Schroders in the 1890s;

at Czarinkows, the two Smiths on the staff were differentiated as "grosser" Smith and "kleiner" Smith.

Kynaston takes us into a world which is recognisable half as something out of Dickens, and half as something which can still be seen in outline today. He illustrates it with rich anecdotes, an extraordinary range of sources, and lively writing. It is a wonderful piece of work.

There were twice as many Germans as English at Schroders in the 1890s;

## Hung-up on childhood

Carolyn Hart on the authors who never grew up

Working through the turgid stuff that comprises much of children's "literature" these days, it is hard to realise that just over 130 years ago a revolution occurred in children's books. This revolution not only radically changed the way adults treated children, but also instigated a kind of golden age in children's writing which lasted until the 1930s. Then, some would say, it came to an abrupt halt, never to recover.

The architect of this revolution was Lewis Carroll and his ground-breaking fantasy, *Alice in Wonderland*. Anarchic, fantastical and loved by virtually all children who come across it, *Alice* was swiftly followed by J.M. Barrie's *Peter Pan* and Edward Lear's nonsense poems - all undermining the stifling constraints of respectable adult society.

What drove Carroll, Lear and Barrie, and later Kenneth Grahame and A.A. Milne, to create such a radical canon of literature? Well, sex and an inability to grow up, actually, allied to a subsequent feeling of social dislocation, as Jackie Wullschlager argues in her intriguing book, *Inventing Wonderland*, a study of the lives and fantasies of Lewis Carroll, Edward Lear, J.M. Barrie, Kenneth Grahame and A.A. Milne.

Everyone who reads *Inventing Wonderland* must send up a sigh of gratitude that Carroll, Lear et al burst on the world before social

workdays had been invented, for nowadays anyone who behaved like these men would be forcibly removed by the politically correct police.

Carroll's well-documented penchant for small girls presents few surprises now, apart from the fact that the begging letters he wrote to mothers requesting permission to photograph their children ("I trust you will let me do some pictures of Janet naked; at her age, it seems almost absurd to even suggest any scruple about dress...") did not always receive the answer "no".

**INVENTING WONDERLAND**  
by Jackie Wullschlager  
Methuen, £25, 228 pages

But Barrie was just as bad, chasing small boys in Kensington Gardens in a vain attempt to recreate his ideal childhood. Barrie's whole life seems to bear an uncanny resemblance to the story of Peter Pan, from the Lost Boys to the harrowing prophetic lines, "To die will be an awfully big adventure", which foreshadowed the deaths of his much-loved protégés, the Llewellyn Davies boys, in the first world war. In comparison, Lear seems relatively normal - his main hang-up, apart from dithering for nearly 40 years over a marriage proposal, was the size of his nose, something with which he never came to terms and

which, in his poems "becomes the focus for everything about him which is different and odd". ("His mind is concrete and fastidious; his nose is remarkably big; his visage is more or less hideous; his beard resembles a wig.")

Kenneth Grahame's *Wind in the Willows* carries on where Barrie's story of Peter, the feckless boy, leaves off, creating a golden Edwardian landscape in which Toad, Ratty and Mole lead a carefree life of bachelor companionship, in a story inspired by Grahame's fear that country ways were being swept away by progress: "The Wind in the Willows" maintains an almost religious faith in nature and the power of landscape," and finds echoes in the childhood haven Milne created in *The House at Pooh Corner* in 1928 where Christopher Robin, Pooh, Tigger and Kanga hang on to the old ideals of safety and peace in the face of war, depression and poverty.

But although Pooh still enchants countless children today, his appeal has always been based on nostalgia. As Wullschlager notes: "In a sense Milne was old-fashioned even when he was the height of fashion, a fact... which makes Pooh enduringly popular while Milne is seen as hopelessly out of date." Milne ended his career a bitter man, alienated from his son, pouring sherry out of a Piglet-shaped decanter in his house in Sussex; the last link in the chain which began with Alice and ended quietly with a teddy bear.

## Quixotic side of Che Guevara

Jimmy Burns finds this early diary by the legendary revolutionary a joy to read

On a Sunday in October 1967, a Bolivian army colonel executed the shooting in cold blood of Latin America's best known guerrilla fighter, Ernesto "Che" Guevara, before throwing him onto a slab of cold stone in the local laundry.

By displaying the dead Guevara in such an ignoble setting, the military hoped to end once and for all the prospect of political liberation in Latin America by killing not just the man but the myth. It was a terrible gesture which backfired almost the instant it was made.

Western journalists who soon converged on the scene were witness to El Che's beauty in death. With his long hair swept back from his bearded face, his eyes slightly opened and glazed, shrouded in a white sheet, Guevara looked like a contemporary Christ on the verge of resurrection.

And Guevara was resurrected: his handsome features became best sellers as T-shirts and posters; his name and theory of revolution discussed from the barricades of Paris to the slums of Lima.

In the end Guevarism, during the late 1960s and early 1970s, spawned more enthusiastic revolutionaries than successful revolutions. El Che was himself shot after a disastrous six month campaign among the Bolivian peasants had failed to produce the foc or rural based guerrilla force capable of inspiring social upheaval.

In the 1970s, military governments in Latin America stamped on liberation. Only in parts of Central America did the spirit of Guevarism live on and

succeed, just as it had originally done in the Cuba of the late 1950s. Guevara's last weeks of life on earth in the Bolivian jungle were recorded in a personal diary published soon after his death. Covered in insect bites, without rations, and suffering desperately from asthma, the Guevara that emerges from that diary is of a somewhat pathetic failed hero, whose determination and conviction is ultimately defeated by circumstances.

By contrast, *The Motorcycle Diaries* belong to a much earlier period, before Cuba even, when Guevara as a young medical student set off on a motorcycle to tour South America with a male friend.

What distinguishes these diaries from the others is that they reveal a human side to El Che which historians have successfully managed to suppress. It is in the pages of this breathless journal, not in the tired records of the earlier published diary, that one senses El Che's belief that determination and conviction can be enough to change one's self and others.

This is El Che at 23, still full of the innocence and energy of youth,

and with the passion for life and generosity of spirit that was to abandon him only briefly during his brief period as minister of a pro-Soviet Castro regime.

The long delay in publication - a quarter of a century after Che's death - may have something to do

**THE MOTOR CYCLE DIARIES**  
by Ernesto Che Guevara  
Verso £14.95, 156 pages

with the politically incorrect picture of the revolutionary that emerges from these pages, according to the publisher. But whatever the reasons for the delay - and I have no reason to doubt this is the genuine article - the journal, intelligently translated by Ann Wright, is a joy to read from start to finish. Much of the fun revolves around the ultimate symbol of Quixotic perseverance: the motorised Roco in the form of Guevara's 1930's Norton 500 CC which he rides *a deux* with his mate Alberto.

The motorcycle, called Poderosa (powerful one), grunts and spits far away over the dusty prairies and across the Andes, endlessly

breaking down or losing its breaks. At each stop, there is an adventure to be had and recorded without excuses or regrets. At one stop, Guevara shoots a dog at night thinking he is being attacked by a puma. At another, crippled with acute diarrhoea, he shuts out of the window in the dark only to discover the next day that he has done so over a tin roof where his host is drying some peaches.

Women are present less in mind than in body. His admiration for the beauty of Chileans leads him one drunken night to attempt the seduction of the wife of a local mechanic. Later while visiting an Indian tribe in Peru, he regrets that the female members are no longer in their native dress of bare breasts.

Elsewhere, however, he is less flippant and one begins to see the seeds of his later political and social awareness. He is sensitive to the primitive health facilities he encounters on his travels, and the poverty of the Indians generally even though they inhabit some of the most breathtaking landscapes in the world.

At the same time he shows himself well steeped in South American history, accepting that the legacy of the Spanish *Conquistadores* has both positive and negative sides to it, and that his native Argentines are not as heroic as they make themselves out to be.

The journal ends with an appeal to Latin American unity and an extraordinarily prophetic encounter between the young Che and an old man, a chronicle of a death foretold steeped in South American magic.

## ARTS

## The Iron Duke opens his doors

London's best kept secret, Apsley House, has been restored to its former glory. Susan Moore reports



'The Rug Seller, Treboul', 1930 by Christopher Wood, painted just months before his untimely death

## Modern in their time

William Packer admires the work of Christopher Wood and Will Maclean

There has long been a strain of the gently and quirkily romantic and evocative in British art - of the tasteful and decorative as the unkind would have it. While the safe and conventionally polite may often be extremely tiresome, I have never objected to the well-judged and the well-made simply on grounds of taste.

Christopher Wood is one of those painters who, more or less modern in his time, has come to be entirely acceptable to those who throw up their hands in horror at the very thought of modern art. Always uncontroversially controversial, largely self-taught and encouraged in his indulgence by his well-connected friends, he has always been safe enough, with the added frisson to his reputation of louche habits and a tragically ambiguous

and early death. Did he jump or slip beneath the wheels of the railway engine as it drew to a halt at Salisbury Station in the summer of 1930?

As always, it is the work that counts, and though the oeuvre is small, when seen Wood's paintings are always stronger, more vigorous and particular than over-critical prejudice often allows. The connection with the young Ben Nicholson is well known, and the 1920s interest in the primitive and *fauvism* in which they shared is clear enough. But where from Nicholson at that time we get the sense of a sophisticated, careful and calculated response, beautifully judged and indeed properly tasteful, with Wood the feeling is always of something so much more open and wholehearted. When the two men came upon the old fisherman, Alfred Wallis, at St Ives in the

summer of 1928, we feel that for Wood here was a lead to follow and enjoy in his own way, for Nicholson a manner to exploit.

The Fine Art Society has brought together an impressive and characteristic group of works, many of them unfamiliar and from private collections, to coincide with the publication of a new biography of the artist by Richard Ingleby (Allison & Busby, £20). The emphasis is firmly on the later work, with some fine Cornish paintings, and an especially strong group executed at Treboul in Brittany in the last months of his life - all boats and harbours and cottagers at the door. Who can know that such vigour would have continued unabated, or what might have developed? But the last painting of all is of a zebra with a parachute. Surrealism clearly beckoned.

Will Maclean is a Scottish artist who has always been quite as much a sculptor as painter, in that he puts objects together as reliefs in boxes, modified by paint and varnish as may be. This is a classic device of surrealism - the *objet trouvé* in bizarre combination, and all to be half-hidden, half-revealed. But what gives Maclean's work its particular character and imaginative charge is the investment of symbolism and romanticism, that gives his objects the quality of the fetish or the totem. Here is the tabernacle to house the God, though quite which God it may be is never clear. If an aura of Christianity is at all discernible, it is a hint at something very old and Celtic.

For this work is very Scottish in its feeling, though it is hard to say quite why a bird's skull and a bit of driftwood, rubbed and varnished, should make it so - echoes perhaps of gulls hanging in the wind; boats rocking gently at the margin of the beach as the sun goes down; over the sea to Skye.

Maclean's habitual colour, too, has much to do with it, with its dense prussian blues, sea greens, deep umbers and

siennas. Latterly, however, both mood and colour have lightened, and the attention to the surface has grown shallower, closer to the surface and more painterly.

These are canvases now, and paintings: not boxes, objects, sculpture, though such physical elements do remain. This work is also at times more awkward and unresolved, speculative and enquiring rather than assured. The sense is of an artist in transition, not abandoning his former position but rather opening it out for further development. For in the process the old and more immediately seductive solutions, made easier by familiarity, are left behind, that is no disavowal. It is merely a sign of an artist moving forward and maturing. The sensibility remains the same.

Christopher Wood 1901-1930: Fine Art Society, 148 New Bond Street W1, until June 30. Will Maclean - Voyages: Art First, 9 Cork Street W1 until June 15.

Thomas Shotter Boys proved invaluable guides to the decoration, furnishing and arrangement of the rooms.

A fragment of original silk wall-hanging was reproduced on handloomed fabric in the 1820s. A piece of the original 1830s red, gold and green carpet was analysed by V&A technicians and copied by a firm of Halifax weavers. Some 40 paint sections were taken in each room to determine exact original colours.

Good work of any period has been left well alone. Some 90 per cent of the gilding, for instance, is original and has simply been washed. Hand-

staged the annual Waterloo banquet. Laid with great Siberian porphyry candelabra (courtesy of Tsar Nicholas I), the table was laid with the spectacular 26ft long centrepiece from the 1,000-piece silver table service presented by the Portuguese Council of Regency in 1816. Here, too, hang the Old Masters from the Spanish Royal Collections that Wellington captured in Joseph Bonaparte's baggage train after the battle of Vitoria. There are few rooms in Britain that can boast the likes of Correggio's 'Agony in the Garden', Velasquez's 'The Waterseller of Seville' and the Juan de Flandes Last Supper



Apsley House: marooned in the middle of Hyde Park Corner

some mid-19th century rosewood display cases off the spectacular 150-piece Berlin porcelain service presented by Frederick William III of Prussia, the most important service ever produced by the factory.

Pictures are hung on the picture rails by the original chains found in a tea chest in the basement. Chandeliers have been meticulously cleaned, repaired and re-assembled and replace the galleries' previous fluorescent light. There are no synthetic fabrics, and no rope barriers.

Even each hinge and door fitting has been removed, repaired, and replaced in full working order, including the remarkable mechanisms on the window cases in the 80ft long 'Louis XIV' Waterloo Gallery which, fitted with sliding mirrors, transform the room into an evocation of the Galerie des Glaces at Versailles.

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**ART GALLERIES**  
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## FASHION / HOW TO SPEND IT

## Abandon ship for the catwalk

Portofino's seasonal nautical couture makes it hard to tell the real, rugged thing from the lounge-deck lizard, writes Avril Groom

At Portofino on Italy's Ligurian coast last month there was an object lesson in the workings of the sporty weekend wardrobe. For the *Regate di primavera*, the first big social event in the Italian yachting calendar, and the Santa Margherita regatta for vintage boats which preceded it, 3,000 people and more than 200 yachts crammed into what looks like the set for an Italian production of HMS Pinafore - a tiny cove with a theatrical backdrop of steep hills bristling with cypresses, pines and turreted villas.

The pristine rig of the boats was outdone by that of the yachtsmen who, unlike the crumpled crews of Cowes who mostly live on board, seemed permanently pressed and sparkling. Even these pale beside the spectators partying in their villas or the town's little terracotta-washed piazzetta. They seldom set dockside-clad foot on a boat yet embraced wholeheartedly the nautical philosophy of navy, white and stripes.

Like much in Italian life, sailing is a family affair. A wealthy paterfamilias may own a boat but prefer to stay ashore, entertaining friends who translate the nautical leit-motif as fashion rather than sportswear.

Meanwhile the younger generation compete and crew in their smartly co-ordinated all-weather gear.

That dichotomy is a microcosm of the fashion world's current response to nautical influences, which may be news as technical sportswear, but have been loved by landlubbers ever since Chanel popularised the crisp appeal of naval style.

Her stripe-trimmed bathing-dresses and loose, sail-or-collared tops with above-the-ankle skirts, in fabrics based on the sporting English wardrobe of her then lover, Boy Capel, first scandalised and then charmed Desauville in the last summer before the first world war.

Like many of her early ideas, they were based on the simplicity and freedom of men's clothes, a revolutionary concept for women brought up with whalebone stays, bustles and lace swags. After the war, Chanel's nautical style - a symbol of women's emancipation - spread far beyond the confines of seaside promenades and it has never disappeared.

Simplicity remains the source of its appeal, with the special allure of a femininity derived from masculine origins, and the crisp freshness of navy and white (or black and cream for nonconformists). These colours have outgrown their nautical roots and have become - tempered with denim, chambray, muted pink and flashes of red - the staple fare of weekend clothes for both women and men.

If your career involves a financially-demanding wardrobe, you may want your casual wear to cost less. A small selection of interchangeable



Her - silk jersey T-shirt, £136; wide black trousers, £278; sunglasses, £44; all from Caroline Charles, Beauchamp Place, SW9 and New Bond Street, W1. Straw hat, £25 from Racing Green, Regent Street, W1 or 0345-331177 for mail order. Black and cream singlet, £125 from Ferragamo, Old Bond Street, W1. Men - pine green and grey stripe regatta polo-shirt, £36; pale green jeans, £78.



Her - cream linen waistcoat with navy trim, £54.95 from Laura Ashley. Navy polyester modal tailored shorts, £65 from Virella branches. Navy and cream stripe T-shirt, £12.99; navy pinnacles, £14.99, both from Esprit. Scarf from Racing Green as above. Him - navy cotton shirt, £26; denim-look T-shirt, £36; striped cotton shorts, £49; cap, £25.

able basics in two colours goes anywhere with a few accessory changes. Those Portofino spectators are a model of pragmatism; they may want to look nautical there but, as shrewd fashion manipulators, they want the same clothes to give a different impression on a Sunday afternoon stroll down the Via Spiga in Milan.

Gilt buttons on blazers, flap-fronted trousers and big sailor collars are not in evidence; instead plain, fitted navy jackets (worn with copious gold jewellery), white jeans or cream chinos and crisp white

shirts are favoured, worn Portofino-style with boat shoes and a seadog's peaked cap, or with the urban sophistication of elegant pearlised pumps and designer sunglasses.

Classics for the long run include the navy jacket, jeans (which look smartest in this context - Wranglers' Paula shape is excellent for female hips) and a striped top which can as easily look Left Bank *garçonne* as seagull.

Fashionable nostalgia rears its head as most of the periods being revisited had, in Chanel's wake, their own nau-

tical slant. Play spot-the-decade in a puff-sleeved cross-over blouse and wide, turned-up trousers or a tie-up shirt and Capri pants: mixing genres rarely works.

Like most of Chanel's best ideas, nautical in its broadest sense has become a fashion axiom but, as the influence of active sports increases, another element has entered the equation. More people want, for genuine or spurious reasons, to look like crewmen rather than spectators.

Technical fabric advances have made sports clothing lighter and more comfortable so it becomes attractive to casual wearers, and companies previously known for their design rather than weatherproofing ability are producing relatively high-tech garments, further blurring the line between sportswear and fashion.

Regatta sailors still crew in no-nonsense gear from labels such as Henri Lloyd, Helly Hansen and Musto. These are names approved by crewmen such as Matteo Balestrero and Franco Ferrari, who gallantly agreed to model between races, sailing Balestrero's 1923-vintage family boat to success in its class in the vintage race and winning invitations to crew in the main regatta. The same parka, fleece, and sea-going-sweater shapes now appear in ranges hitherto thought of as "fashion" and - again in nautical colours - form new basics in a more active weekend wardrobe.

The *Regate di primavera* was founded 14 years ago to promote the sporty yachting range from long-established fabric and fashion house Ermengildo Zegna - an early player in fashionable sportswear and sports sponsorship. Others followed, including this year Louis Vuitton's range of kit-bags and simple white linen separates and knits, designed by Kenzo, for their sponsored qualifying competition before the America's Cup.

Fabric developments have led to supple, lightweight weatherproofs, good in a casual context. Zegna's Microtene 10000, Mulberry's Gore-tex-lined watersilk from its all-weather range, Austin Reed's Sympatex and Aquascutum's lightly padded nylon all make high-tech styles aiming at both form and function.

The classic boating shapes that go with them - cable sweaters, polo-shirts and drawstring shorts or trousers - have become so much a part of men's casual wardrobes that most mainstream men's collections, including Debenhams' Mainsall range, have them.

So even in Portofino it is becoming hard to tell the real, rugged thing from the lounge-deck lizard - though anyone now sporting New Zealand's lurid lucky red socks is likely to be more into function than fashion. Image-conscious yachtsmen still believe the only proper legwear items are muscled and a tan.



Her - navy wool jacket, £199 from Rodier, Brompton Road, SW1, Whiteleys, W2 and Berrills, Kingston. Stripe cotton knit top with plain wrap by J. Taylor, £38.99 from Debenhams. Cream wool gaedine trousers, £165 from Burberry, Regent Street, W1, Haymarket, SW1, Edinburgh and Aberdeen. Beret, £35 from Ralph Lauren, New Bond Street, W1. Loafers by Cole-Haas, £179 from Liberty, Regent Street, W1. Him - navy wool/cotton cardigan, £239; navy check brushed cotton shirt, £59; cream corded cotton trousers, £79. Boat shoes, £89 from Timberland, New Bond St W1 and Harrods. All men's clothes from a selection from the Yachting range at Ermengildo Zegna, Shelton Street, WC2 and New Bond Street, W1.

Photographed by Aldo Martelli on Flicca II at Santa Margherita, Italy

## Rejected art recalls vanished Paris

Quality marks many works declined by the RA, writes Lucia van der Post

Every year, thousands of hopeful artists submit in the region of 14,000 paintings to the committee which decides which work of art will, and which will not, make it into the Royal Academy's Summer Exhibition. As only about 800 end up on the walls, the remorseless logic of these things tells us that that leaves at least 13,000 paintings looking for a sympathetic home.

Since 1991, the Llewellyn Alexander Gallery on London's South Bank has established itself as the place to look for all those that didn't quite make it. It calls its exhibition Not The Royal Academy 1995 but in tone it harks back to 19th century Paris when Manet and Sargent rebelled against the French Academy and mounted their own exhibition which they called the Salon des Refusés.

Not that the Llewellyn Alexander Gallery offers its own gallery space in any sense of rebellion - it is much more by way of giving a sympathetic platform to those whose paintings may be of very high quality but simply, by dint of number, did not make it into the summer exhibition.

Of the 13,000 odd paintings rejected by the official committee, the Llewellyn Alexander Gallery makes its own choice of about 1,300 for its exhibition. Most of the work is figurative or representational, but there



'Flowers by the Window' by Ljerk Niers, oil, 19in by 15½in, £450

is also a good choice of semi-abstract and abstract work. There are oils and watercolours, miniatures and etchings. For those looking for an interesting piece for their homes, it is a marvellous chance to see the work of a wide variety of artists - some quite well-known such as William Mundy and David Carpanini (both of whom have other paintings in this year's Royal Academy exhibition), others very young and just beginning. Names among the younger

painters that the Llewellyn Alexander Gallery thinks readers might particularly look out for include Oliver Canti, who does animal scenes in oil, Christopher Keays who does strongly Cézanne-influenced landscapes and woodland scenes, and Adrian Bartlett's abstract pictures.

Prices seem extremely reasonable - you could buy a miniature for as little as £80, a small oil or watercolour from £100, while for £300 you could find a good-sized oil. Subject



'Lace Curtains' by Karen Key, oil on canvas, 48in by 39½in, £300

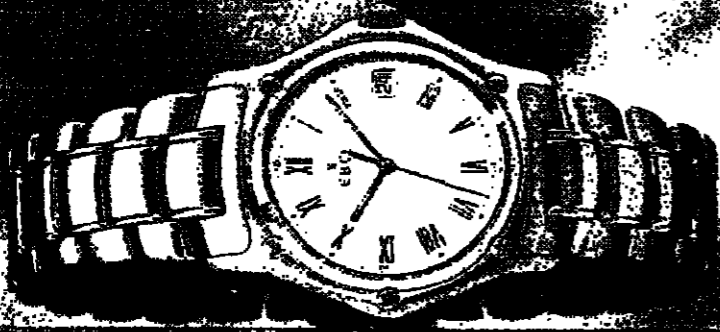
matter ranges from strong floral still-lives, landscapes, naive city scenes, semi-abstract landscapes to portraits and animals. All the pictures are shown in rotation, and as soon as one sells a replacement is put up on the walls. In addition, all the pictures come ready-framed.

The exhibition runs from now until September 9 at Llewellyn Alexander Gallery (opposite the Old Vic Theatre), 124-126 The Cut, Waterloo, London SE1 8LN. Open from Mon-

days to Saturdays from 10am-7.30pm, with drinks being served from 6.30 onwards, giving the gallery something of the air of being in the middle of a perpetual vernissage.

The gallery is giving 6 per cent of each sale to Barnardo's - the children's charity which once used to provide homes for orphans but these days finds homes for children who cannot live with their own parents, as well as providing day centres for children living in poverty or with disabilities.

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## INTERNATIONAL ARTS GUIDE

XVII

## What's on in the principal cities

## AMSTERDAM

## CONCERTS

Het Concertgebouw Tel: (020) 671 8345

- Crea Oratorio Choir, with soloists Charlotte Margiono, Simon Roberts, Charles van Tassel and Joke de Vin. Ira Spradling conducts Elias and Mendelssohn; 8.15pm; Jun 15
- Royal Concertgebouw Orchestra, with violinist Jaap van Zweden. Zoltan Pesko conducts Rihm and Stockhausen; 8.15pm; Jun 17

## GALLERIES

Beurs van Berlage Tel: (020) 626 0284

- Salvador Dali - Sculptures and illustrations: retrospective of sculptural work from the 1930's onwards; to Aug 20

Gemeentelijk Museum Amsterdam Tel: (020) 672 0202

- Mahler in Amsterdam: exhibition on the life and works of Mahler with an assortment of manuscripts, letters, scores and films; to Jun 11
- Stedelijk Tel: (020) 5732 911
- Notion of Conflict: 13 contemporary Canadian artists contemplating both mental and physical notions of conflict; to Jun 11
- Van Gogh Museum Tel: (020) 570 5200
- In Perfect Harmony, Picture and Frame 1850-1920: exhibition of 55 paintings in their original frames brought together by art historian Eva Mengden. Artists include Van Gogh and Klimt; to Jun 25

## OPERA/BALLET

Het Muziektheater Tel: (020) 551 89 22

- Die Meistersinger von Nürnberg: by Wagner. Hartmut Haenchen conducts the Netherlands Philharmonic Orchestra and soloists Jan Hendrik Rootering and Siegfried Vogel; 5.30pm; Jun 10, 13, 16

## BARCELONA

## CONCERTS

Palau de la Música Catalana Tel: (93) 268 10 00

- Swiss Romande Orchestra: with soprano Angela Maria Blassi and baritone Andreas Schmidt. Armin Jordan conducts Brahms' "German Requiem"; 8.30pm; Jun 16

## GALLERIES

Fundació "la Caixa" Tel: (93) 404 60 73

- Postwar Europe, 1945-1965, Art After the Flood: exhibition which aims to present an extensive overview of European art in the 20 years after World War II. There are 527 works by 270 artists in four sections: architecture and design, photography, painting and sculpture; to Jul 30
- Museu Picasso Tel: (93) 319 69 02
- Tatlin: exhibition of works by the Russian painter, architect, designer and scenographer who was associated with the Constructivist and Russian Avantgarde movements; to Jun 25

## BERLIN

## CONCERTS

Konzert Haus Tel: (030) 309 21 02/ 21 03

- Berlin Symphony Orchestra: Kurt Sanderling conducts Beethoven and Mozart; 8pm; Jun 15, 16, 17
- Radio Symphony Orchestra Berlin: with soprano Celine Lindsey, alto Jane Henschel and tenor Donald George. Rafael Frühbeck de Burgos conducts Mendelssohn; 7.30pm; Jun 16

Staatsoper Unter den Linden Tel: (030) 2 00 4762

- Berlin State Orchestra: with pianist Daniel Barenboim, soprano Laura Aikin and mezzo-soprano Katharina Kammerloher. Pierre Boulez conducts Wagner, Bartók and his own compositions; 4pm; Jun 17

## GALLERIES

Deutsches Historische Tel: (030) 215 020

- Pictures and References to German History: exhibition with more than 2000 paintings, coins, materials and other artefacts that document the history of Germany; to Dec 1 (Not Sun)

## OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01

- Der Rosenkavalier: by Strauss. Conductor Jiri Kout, production by Götz Friedrich; 7.30pm; Jun 13, 15
- Martha oder Der Markt zu Richmond: by Friedrich von Flotow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7.30pm; Jun 16
- Olegin: music by Tchaikovsky. Premiere at this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Jun 14, 17 (5pm)
- The Masked Ball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30pm; Jun 12
- Tristan und Isolde: by Wagner. Conducted by Jiri Kout and produced by Götz Friedrich; 5.30pm; Jun 11
- Staatsoper Unter den Linden Tel: (030) 2 00 4762
- Aida: by Verdi. A new production conducted by Zubin Mehta; 6.30pm; Jun 11

## THEATRE

Freunde der Italienischen Oper Tel: (030) 991 1211

- The Realisation of the Five Year Plan: various acts including mime and



Anne Sofie von Otter in Orphée in Geneva

comedy to celebrate the theatre's fifth anniversary. In English; 4pm; from Jun 16 to Jun 17

## BRUSSELS

## CONCERTS

De Munt/La Monnaie Tel: (02) 218 22 11

- Juliane Banse: soprano accompanied by pianist Wolfram Rieger; 8pm; Jun 16

## OPERA/BALLET

De Munt/La Monnaie Tel: (02) 218 22 11

- The Masked Ball: by Verdi. Conducted by Antonio Pappano and produced by Guy Joosten. Soloists include Franco Farina/Richard Margison, Edouardo Tumbayán/William Stone and Elena Zarembo; 8pm; Jun 14, 15, 17

## COLOGNE

## CONCERTS

Kölner Philharmonie Tel: (0221) 2801

- Berlin State Orchestra: with pianist Daniel Barenboim, soprano Laura Aikin and mezzo-soprano Katharina Kammerloher. Pierre Boulez conducts Debussy's "Trois Nocturnes", Bartók's "Concert for Piano and Orchestra" and his own "La Fiasse Nuptiale"; 4pm; Jun 17
- Felicity Lott: soprano with pianist Graham Johnson in a programme that includes Schumann, Wolf and Gounod; 8pm; Jun 14
- New York Philharmonic: Kurt Masur conducts Beethoven's "Symphony No. 7" and Shostakovich's "Symphony No. 5"; 8pm; Jun 10
- Oleg Maisenberg: pianist plays Brahms; 4pm; Jun 11

## FRANKFURT

## GALLERIES

Städtel Tel: (069) 60 50 98 1 15

- Gerhard Richter - Ilya Kabakov: photographs; to Aug 27

## OPERA/BALLET

Oper Frankfurt Tel: (069) 23 60 61

- Lady Macbeth of Mtsensk: by Shostakovich. Conducted by Guido Johannes Rumsdatt and produced by Werner Schreier. Soloists include Valeri Alexeev, Ryszard Karczykowski and Christine Ciesinski; 7.30pm; Jun 11, 15

## GENEVA

## CONCERTS

Grand Theatre de Geneve Tel: (022) 311 22 11

- Orphée: by Gluck, French adaptation by Pierre Louis Moline. Conducted by Jeffrey Tate, produced by Andreas Homokl. Soloists include Anne Sofie von Otter, Barbara Bonney and Elizabeth Futral; 8pm; Jun 12, 15

## OPERA/BALLET

Deutsches Oper Tel: (030) 34384-01

- Der Rosenkavalier: by Strauss. Conductor Jiri Kout, production by Götz Friedrich; 7.30pm; Jun 13, 15
- Martha oder Der Markt zu Richmond: by Friedrich von Flotow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7.30pm; Jun 16
- Olegin: music by Tchaikovsky. Premiere at this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Jun 14, 17 (5pm)
- The Masked Ball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30pm; Jun 12
- Tristan und Isolde: by Wagner. Conducted by Jiri Kout and produced by Götz Friedrich; 5.30pm; Jun 11
- Staatsoper Unter den Linden Tel: (030) 2 00 4762
- Aida: by Verdi. A new production conducted by Zubin Mehta; 6.30pm; Jun 11

## THEATRE

Freunde der Italienischen Oper Tel: (030) 991 1211

- The Realisation of the Five Year Plan: various acts including mime and

collected by the Farnese dynasty in the Italian Renaissance with statues, medals, coins and more than 130 paintings by the likes of Parmigianino, Breughel, Sebastian del Piombo and Titian; to Aug 27

Villa Stuck Tel: (089) 45 55 51 0

- The Tyranny of the Beautiful: architecture under Stalinism; to Jul 9

## NEW YORK

## GALLERIES

Guggenheim Tel: (212) 423 3652

- George Baselitz: approximately 100 paintings and several sculptures spanning three; to Sep 17
- Guggenheim Soho Tel: (212) 423 3652
- Gary Hill: exhibition that examines the artist's wide selection of video installation work; to Jul 20
- Metropolitan
- An Ancient Egyptian Bestiary: animals in Egyptian art from the Predynastic to Roman period; to Oct 15
- Art and Empire: treasures from Assyria in the British Museum, London. The exhibition includes reliefs, royal statuary, fine metalwork, ivories and tablets dating from the ninth to seventh centuries BC; to Aug 15
- Helen Chadwick: Bad Blooms: the English artist's most recent photographic series comprising of 13 large photographs of flowers in a variety of viscous liquids; to Jul 1
- Paul McCarthy: video and work installation; to Jul 18
- United Nations in Perspective: architectural development of the United Nations building; from Jun 15 to Sep 26

## THEATRE

Belasco Tel: (212) 239 6200

- Hamlet: by Shakespeare. Starring Ralph Fiennes in a limited run; 8pm; to Jul 22 (Not Mon)
- Ethel Barrymore Tel: (212) 239 6200
- Indiscretions: based on Jean Cocteau's "Les Parents Terribles" in a new translation by Jeremy Sams and starring Kathleen Turner, Eileen Atkins and Roger Rees; 8pm; (Not Mon)
- Joseph Papp Public Theatre Tel: (212) 598 7150
- The Merchant of Venice: by Shakespeare. Directed by Barry Edelstein, and with Ron Leibman playing Shylock; 8pm; (Not Mon)
- Plymouth Theatre Tel: (212) 239 6200
- Chronicle of a Death Foretold: book by Gabriel Garcia Marquez, adapted, choreographed and directed by Graciela Daniele; 8pm; from Jun 15 (Not Mon)
- Theater Four Tel: (212) 757 3900
- After-Play: written and starring Ann Meares. A re-union of four friends in New York; 8pm; to Jun 30 (Not Mon)

## PARIS

## CONCERTS

Châtelet Tel: (1) 40 28 28 40

- The Orchestra and Chorus of Les Arts Florissants: with soprano Susan Bullock, alto Susan Bickley, tenor Mark Padmore and Bass Thierry Felix. William Christie conducts Beethoven; 8pm; Jun 16
- Champs Elysées Tel: (1) 49 52 50 50
- National Orchestra of France: with soprano Monica Pick-Hieronymi, mezzo-soprano Nadja Michael, tenor Thomas Dewaele and bass Michael Volle. Conducted by Claudio Abbado. Beethoven's "Symphony No. 1" and "Symphony No. 9"; 8pm; Jun 14, 15
- Wanderer Trio: comprising of pianist Vincent Coq, violinist Guillaume Sutre and violoncellist Raphaël Pidoux plays Mendelssohn, Smetana and Dvořák; 8.30pm; Jun 13

## GALLERIES

Centre Georges Pompidou Tel: (1) 42 77 12 33

- Constantin Brancusi: first ever French retrospective of the Romanian born sculptor and painter who spent fifty years in France. The show offers a chronological and thematic look at 103 sculptures, 38 drawings and 55 photographs; to Aug 21
- Edouard Boubat: photographic works; from Jun 14 to Sep 11 (Not Sun)
- Ilya Kabakov: installation by the Ukrainian born artist; to Sep 4
- Galerie Tendances Tel: (1) 42 78 61 79
- George Grosz: drawings by the German artist from 1920-32; to Jun 24 (Not Mon)
- Louvre Tel: (1) 42 60 39 26
- Hans Memling: exhibition of paintings by the Dutch master to commemorate the 500th anniversary of his death; to Aug 14
- Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27
- Marc Chagall: exhibition that charts the development of Chagall's distinctive style; to Sep 17
- Musée du Petit Palais Tel: (1) 42 65 12 73
- Carthage: history, its impact and resonance; to Jul 2

## OPERA/BALLET

Châtelet Tel: (1) 40 28 28 40

- The Cunning Little Vixen: by Janáček. A new production conducted by Sir Charles Mackerras and produced by Nicholas Hynes. Soloists include Thomas Allen, Libuse Marová and Richard Novák; 7.30pm; Jun 11 (5pm)
- Champs Elysées Tel: (1) 49 52 50 50
- Ezio: by Handel. Conducted by Robert King, directed by Stephen Medcalf and with the King's Consort. Soloists include James Bowman, Susan Griffon and Dominique Visse; 7.30pm; Jun 10
- Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
- Les Capulet et les Montaigu: by Bellini. Conducted by Bruno Campanella and produced by Robert Carsen. Soloists include Jeffrey Wells, Cecilia Gasdia and Jennifer Lamore; 7.30pm; Jun 12

## THEATRE

Freunde der Italienischen Oper Tel: (030) 991 1211

- The Realisation of the Five Year Plan: various acts including mime and

## THEATRE

Théâtre de Nesle Tel: (1) 46 34 61 04

- Faith Healer: by Brian Friel. Alcoholic faith healer in Ireland. Cast includes Les Clark, Patricia Keesler and William Doherty; 8pm; to Jun 14
- Zoo Story: by Edward Albee, directed by Bob Friel. Part of the English language theatre festival; 9.30pm; to Jun 24

## SAN FRANCISCO

## GALLERIES

de Young Museum Tel: (415) 863 3330

- Birthplace of the United Nations: exhibition of historic objects and fine art related to the signing of the United Nations charter in San Francisco 50 years ago; to Jun 28

## VIENNA

## CONCERTS

Gesellschaft der Musikfreunde Tel: (1) 505 13 63

- Les Arts Florissants: William Christie conducts soprano Susan Bullock, mezzo-soprano Susan Bullock and tenor Marc Padmore to play Beethoven; 7.30pm; Jun 14
- Stefan Vladar: pianist conducts Beethoven; 7.30pm; Jun 13
- Wiener Konzerthaus Tel: (1) 712 12 11
- Maurizio Pollini: pianist plays Schumann, Scarlatti and Chopin; 7.30pm; Jun 15
- South Western Radio Orchestra: with soprano Julie Moffat, Ingo Metzmacher conducts Webern and Mahler; 7.30pm; Jun 12
- Viennese Symphony Orchestra: with pianist Radu Lupu. Kurt Sanderling conducts Beethoven and Shostakovich; 7.30pm; Jun 10
- War and Peace: by Prokofiev. Concert performance with Pinchas Steinberg conducting Austrian Radio Symphony Orchestra. Soloists include Elena Prokina and Marina Shutova; 7.30pm; Jun 13

## GALLERIES

Kunsthaus Tel: (1) 587 96 66

- Buddha in India: exhibition charting the development of early Indian art from the Maurya dynasty 320-185 BC to the fifth century Gupta period; to Jun 15
- Kunsthistorisches Museum Austria Tel: (1) 711 91 57 31
- Neorealism: 100 paintings and graphics by the likes of Franz Leher, George Jung and Ernst Nepo; to Jun 11

## WASHINGTON

## GALLERIES

Corcoran Tel: (202) 638 3211

- Alfred Stieglitz's Camera Notes: exhibition featuring 88 photographs and 8 silver prints used in Camera Notes, a photographic magazine edited by Stieglitz and published by the Camera Club of New York between 1897-1903; to Jun 9
- Piet Mondrian: exhibition of 147 works on the 50th anniversary of the artist's death; from Jun 11 to Sep 4
- The Breakthrough Years: more than 40 paintings by one of the pioneers of Abstract Expressionism, Arshile Gorky; to Sep 17
- National Museum of Women in the Arts Tel: (202) 785 5000
- Sogno di una Angiola (1532-1625): a renaissance woman. The first showing in the US of 24 works. The exhibition includes intimate family portraits exemplifying the times in which she lived; to Jun 25
- Phillips Collection Tel: (202) 387 2151
- Dorothy Lange: retrospective of the artist known for her documentary photography; to Aug 27
- Renwick Gallery Tel: (202) 351 1718
- Uncommon Beauty in Common Objects: 85 African-American artists drawing from the artistic and cultural legacies of traditional African art; to Jun 18

## THEATRE

Folger Theater Tel: (202) 544 7077

- The Merchant of Venice: by Shakespeare. Commemorating the 400th anniversary of the play, this production is directed by Joe Banno; to Jun 25
- Kennedy Centre Tel: (202) 467 4800
- Angels in America: Perestroika. Part Two of the Tony Kushner award winning play about politics, sex and religion. Stars Jonathan Hadary; 7.30pm; to Jul 9 (Not Mon)
- Crazy for You: by Ken Ludwig. Tony award winning musical based around 15 Gershwin standards; 8pm; to May 31 (Not Mon)
- The Complete History of America (Abridged): by the Reduced Shakespeare Company. History of America, from Spain 1492 to the election of Bill Clinton, all in 90 minutes; 7.30pm; to Jul 3 (Not Mon)
- Studio Theater Tel: (202) 332 3300
- Bessie's Blues: written and directed by Thomas W. Jones II. A musical portrait of blues legend Bessie Smith; 8pm; to Jul 9
- Woolly Mammoth Tel: (202) 488 3300
- Wanted: book and lyrics by David Epstein and Al Carmin. Musical from the 70's directed by Jeff Church; 8pm;

## ZURICH

## GALLERIES

Kunsthaus Zürich

- Moving Out: photographs by the American artist Robert Frank; to Jul 10
- Rietberg Zürich Tel: (01) 202 45 28
- African Sculpture: 500 rear old sculpture from West Africa; to Sep 3

## CHESS

Garry Kasparov fought back this week from the setbacks at Amsterdam which caused his world rating to drop from the magic figure of 2,800.

The superstitious Kasparov regards 13 as his lucky number; he was born on the 13th and is the 13th world champion. But 2,800 rating points is more rationally significant - 20 ahead of Bobby Fischer, previously ranked the all-time No.1.

After Amsterdam, Kasparov was below 2,800, but he was impressive this week, unbeaten at Novgorod. Nigel Short had one of his best ever tournaments and finished joint second.

Kasparov was well prepared and ready to reveal new ideas. Here, he improves on a line which once spoilt Short's championship hopes.

(G. Kasparov, White: R. Vaganian. Black: Queen's Gambit Declined).

1 d4 e6 2 c4 d5 3 Nc3 Be7 4 Nf3 Nf6 5 Bf4 0-0 6 e3 c5 7 dxc5 Bxc5 8 Qc2 Nc6 9 a3 Qa5 10 0-0-0 Be7 11 h4! Spielman v Short, match 1988, went 11 g4 and White broke through down the g file; but Kasparov's plan looks simpler.

He reckons that threats to h7 will force Vaganian to advance the weakening g7-g6, after which White will attack the

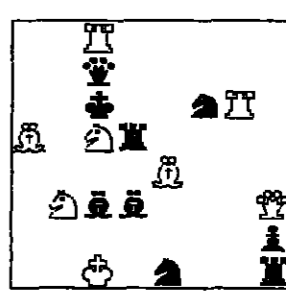
al-h8 diagonal.

dxc5 Later, Kasparov v Ehlvest improved by Rd5. 12 Bxd6 b6 13 Ng5 Baf6 14 Ncd4 g6 15 Nxf6! Bxf6 16 Ne4 Be7 17 Bxa6 Qxa6 18 Kb1 Qb7? Black's defence is difficult but Rb8 at once seems better. 19 h5 Bxc8 20 hxe6 Nb4 A miscalculation which permits a neat finish, but hxg6 21 Qc3 f6 22 Qb5 is also hard to meet.

21 gxf7+ Kb8 22 Be6+ f6 23 Nxf6 Bxf6 24 Bxf6+ Resigns. If Rxf6 25 Qc3! Rxc3 26 Rd5+ wins.

Chess 1079

A test of vision by the great Sam Loyd: (a) In how many ways can White mate in one



move? (b) How many one-move mates has Black?

Solution, Page XV

Leonard Barden

## BRIDGE

My hand today from match-pointed pairs shows that counting is all-important.

N

♠ Q 10 7 3  
♥ A J 6 3  
♦ K 8 5 4  
♣ A 9 5 2

E

♠ 8 6 4  
♥ K 9 4  
♦ 10 9 2  
♣ 10 9 7 2

S

♠ A K J  
♥ Q J 8 2  
♦ K 7 5 4  
♣ A Q

With neither side vulnerable, South was dealer and opened the bidding with two no-trumps. North's raise to six no-trumps concluded the brief auction.

West led the two of clubs and declarer surveyed the position. There were 10 tricks on top, with another easily establishable in hearts. The 12th would have to come from diamonds.

Taking East's club knave with his ace, South cashed four spade tricks, discarding the

four of diamonds from hand, while West and East threw hearts. Cashing ace of hearts, declarer crossed to his queen of clubs and led the heart queen. Taking with his king, West continued with ten of clubs. Winning with dummy's king, South crossed to his diamond king and cashed the heart knave, on which West discarded the diamond nine and dummy the eight of clubs.

Now, declarer could count West's hand. He had started life with three spades, four clubs and three hearts and, therefore, with three diamonds. In that case, he had only one diamond left and East, who had been dealt two diamonds, now held one. Victory was in sight.

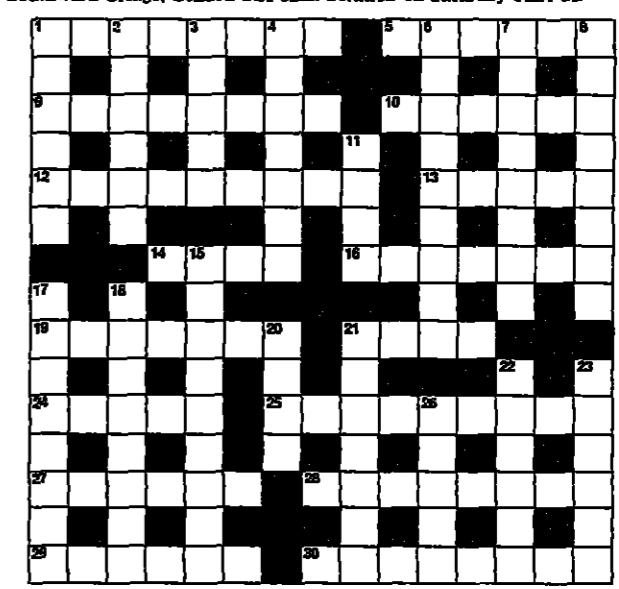
South crossed to the diamond ace, dropping the queen from East, and cashed the knave for his 12th trick. A good performance by South. We can picture many declarers taking the diamond finesse and going down.

E.P.C. Cotter

## CROSSWORD

No. 8,784 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of 50p Pelikan vouchers. Solutions by Wednesday evening 21, send Crossword 8,784 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 24.



Name: \_\_\_\_\_ Address: \_\_\_\_\_

ACROSS

1 Sound of passing time; O for a way of showing the odds (6)

5 Service in the year of our Lord as target for publicity (6)

9 The art of suffering for money (£1,000) (6)

10 The art of speculation about the total (6)

12 The art of lustre cup making (6)

13 The art of putting one blood type by another (6)

14 The art that requires one to listen (4)

16 The art that turns east? (7)

19 No-score draw would embrace everyone (4,3)

21 See 11

24 Branch after commission? (6)

25 Beams that diffuse in the sauna (5,4)

27 The art came in otherwise (6)

28 I got fixed in a minute with nuts (6)

29 The art of the essay by American writer (6)

30 Vehicle back on the gold standard? It's a gamble (8)

DOWN

1 Awful pity holy man has to work with his fingers (6)

2 Exclusive group, one of these without brains (5)

3 Add to ram (3,2)

4 Defeat by the sound of a chestnut (7)

6 Costume with silver on inside for monstrous lady (9)

7 Fifty people in islands make complaints (8)

8 It's a dead body positioned (8)

11, 21 across Match Jugglers? It could be a precedent (4,4)

15 Hesitation about ultimate cause of rubber, for example (9)

17 Warbler accompanying capital sentence (6)

18 Study in English wickedness: one may turn Queen's (8)

20 Speech defect in pupil is painful (4)

21 Violin city whence comes romance (7)

22 The art revealed by the proverbial madman (6)

23 The art demanded with men-80s (8)

26 The art of the catcall heard correctly (6)

Solution 8,783

PAMPHLET STRAIN  
H A L L O  
A T T R A C T I O N  
L U S I B R A  
E A R N E S T L Y E R R O R  
T E R R O R I S T  
H G E D E  
A L I E D S O N G  
C R I M I N A L S  
I R O N S G O P A R T I S T  
E W S I W L A  
N I T W I T H S E A V I S T  
G E O T K U E  
A B S E N T S T E M E D

Solution 8,772

S P A R R O W H A W K R I A T  
H A N O I L A S E O  
A T T R A C T I O N  
L U S I B R A  
E A R N E S T L Y E R R O R  
T E R R O R I S T  
H G E D E  
A L I E D S O N G  
C R I M I N A L S  
I R O N S G O P A R T I S T  
E W S I W L A  
N I T W I T H S E A V I S T  
G E O T K U E  
A B S E N T S T E M E D

WINNERS 8,772: Dr T.W. Gardner, Grange-over-Sands, Cumbria; Mrs Nora Hunt, Liverpool; G.N. Sellers, Bamber, Surrey; D.M. Stewart, Cheltenham; M.G. Wandle, Blackpool; Mrs A. Wood, Burnley, Lancashire.



Peter Aspdin

## Fashion as art? You're joking

The problem arises when this trivial industry gets ideas above its station

In spite of the easy brashness of its florid vocabulary, fashion journalism is a difficult art to master. It shares, with sports writing, the tricky task of having to treat with utmost seriousness subjects which we know to be inherently trivial.

It was an Italian football manager who once described his sport as the most important of all the unimportant things, but such a verdict could equally apply to fashion. We know it is superficial, we know true beauty lies within, but why not have some fun, and turn each other on, and make a lot of money along the way?

The problem arises when fashion gets ideas above its station: when it compares itself to an art form,

when those who work in the industry – and what a nasty, pusillanimous industry it can be – make the mistake of thinking that they are important people.

For I would rather hear the views of a professional footballer on the Net Book Agreement than listen to yet another petulant supermodel discussing his or her "getting out of bed" fee, or a Page Three lensman coming over all Cartier-Bresson when he should be taking the money and running.

Fast and far, Helmut Newton is one of the artier of our fashion photographers. He specialises in legs: women's legs, long, sleek, alluring and usually adorned with unrealistically high-heeled shoes. "High

heels make a woman look sexy and dangerous," says Newton, and there are millions of men and women who evidently agree.

To illustrate his apparently uncontroversial point, Newton recently shot a photo-spread for the American edition of *Vogue*. His theme was high heels, so, bearing his views in mind, he not unreasonably used the extraordinarily-shaped Nadja Auermann to model his fantasies.

Auermann, you see, has the longest legs in the world (well, who is measuring?) and makes a healthy living from them.

But Newton was not content to rely on these remarkable limbs to make his point. No, something extra was needed, just to add that

spicy touch of modish irony to the whole affair.

And then he had a terrific idea: why not depict her as disabled? Shoot her in a wheelchair, so we might admire her "Chanel stiletto slingshots (about \$1,030)" from a totally fresh perspective; show her limping with a hideous surgical brace (lots of chrome and bolts, very sexy) and a walking stick (dominatrix or what?). Let her leave herself up the stairs on crutches, give her a trunk *bezu* to carry her helpless body; finally, why not show her with one leg completely detached from her body? As long as we see the shoes, after all.

And just in case we thought all this was gratuitous, lob in the

killer joke: "A woman who wears these kinds of shoes has a tough time walking by herself," says Helmut Newton. Aha, very amusing, yes indeed.

I will refrain from making further comment on Newton's high-heeled photo-spread. I could do no better than the magazine's correspondents in subsequent issues who talked of what it is like to have a loved one paralysed in an accident, or suffering from cerebral palsy. Their letters are heart-rending, and should be branded across the soles of Newton's feet.

But I will limit myself to this observation: artists, in western society at least, are accustomed to working outside the normal parameters of taste or moral judg-

ment, with no responsibilities and no duties. That is as it should be. The freedoms they enjoy have been won at considerable cost to many of their ancestors and they are vital to the maintenance of a mature, open civilisation.

But fashion is not art. It is an industry, it is a piece of fun, it is only one of the most important of all unimportant things. At its worst, it already manages to mock those who are not young, rich and beautiful, so perhaps we should not be too surprised when it turns its sights on the diseased and the disabled.

But the next time someone talks to me about the refined, sophisticated world of *haute couture*, you will forgive me if I laugh loudly.

As They Say  
in Europe

## Thanks to 1945

Last Sunday was the 50th anniversary of the Treaty of Trianon. For the West European, Trianon conjures up, if anything, images of Marie Antoinette prancing with her girlfriends dressed as milkmaids in the grounds of the little adjuncts to the palace at Versailles, le Petit and le Grand Trianon.

In central Europe it is another story. On June 4 1920, Hungary accepted at Trianon an allied *diktat* marking the official end of the Great War. The allies included not only France, Britain and the US but also Nicaragua, China and the Kingdom of Siam. And Hungary's immediate neighbours. They gained 71 per cent of the territory which had belonged to pre-war imperial Hungary, and, as they say, have never looked back.

The Hungarians since then have not looked forward. Last Sunday Budapest saw a demonstration against Trianon organised by the far right. The weekend newspapers had features with headlines such as "The greatest catastrophe in our history". These were reproduced in the Romanian press next day, but curiously without the hysteria that usually accompanies any manifestation of Magyar irredentism.

*Le Monde* was the one western paper to take a closer look. It told how the Hungarian peace delegation in the spring of 1920 was isolated at Neuilly as the allies constructed their "New European Order". They had the support of the successor states – Czechoslovakia, Yugoslavia and above all Romania, which gained the biggest share of the spoils as well as the largest number of Hungarian expatriates.

"But instead of re-establishing, and consolidating the *entente* between the countries of the region, the Hungarian carve-up poisoned relations... still further," *Le Monde* said. It quoted the view that

The successful post-1945 settlements were based on driving whole peoples from their homes

it was all the fault of Clemenceau, the French prime minister. "Ignorant, narrow, chauvin, prisoner of his image as the father of Victory."

West European comment on the subject tends to be sympathetic to the Hungarian cause. Guilt may be the reason: experts seem to share the Hungarian view that their minorities in neighbouring states got a raw deal. Especially in Romania. But they forget the rough time these nations felt they had suffered in imperial Hungary, which included having to learn the impossible national language.

Voices in Hungary itself have argued that Trianon did the country a favour. The reasoning says a lot about Europe today: although a third of the nation lives outside its frontiers, Hungary is a homogeneous state. It has no significant national minorities, which is said to be a boon in this part of the world.

Present ethnic conflicts in Europe result from the peace process following the first world war. The most obvious are found in the former Yugoslavia, but they include Irish partition.

The frontier settlements enforced at the end of the second war provide little trouble today. Yes, the Sudeten Germans bear grudges which the present German government reflects in statements about the expulsions of 1945-1946. But nothing is going to be done about it. Poland's frontier on the Oder-Neisse line is uncontested, its eastern borders with Belarus and Lithuania are not going to be changed.

The difference is, and it is a nasty thought, that the successful post-1945 frontier settlements were based on driving whole peoples from their homes. Nobody thought of such solutions in 1919.

Thanks to 1945, Europe today is composed of nationally homogeneous states. Even Czechoslovakia has gone. "Ethnic cleansing" in Yugoslavia is expulsion by another name and now it looks as though Tito provided a mere hiatus before the 1945 solution was imposed on the luckless inhabitants of the most notable European multinational state.

We underestimate the virtues of multinationalism: it has not necessarily been mere imperialism and has contributed nearly as much to civilisation as the city state. No wonder most native of continental western Europe feel the European Union is a more civilised form of political organisation than a Europe of Nations.

An early homogeneous nation state, the France of Louis XIV, built Trianon, a monument to its own supposed virtues. Today, according to *Le Monde*, the opening of frontiers in Europe means that the little palaces are smeared with Hungarian graffiti.

James Morgan

James Morgan is economics correspondent of the BBC World Service.



Private View / Christian Tyler

## Ariadne of the moral maze

Onora O'Neill is a moral philosopher whose thinking is at the cutting edge of medical ethics

I asked her what contribution a philosopher could make to medical dilemmas and ethical conundrums generally.

She laughed: "Perhaps suggesting that we don't have quite as conclusive arguments as people tend to think we have."

O'Neill has a deep suspicion of what she calls "the large apparatus", by which she means all-purpose problem-solving systems.

But isn't that why philosophers are recruited to these committees – to feed problems into the mill, turn the handle, and get the answer?

"I think really the Socratic image is more to the point," she said "where what the philosopher may contribute is prophylactic rather than a total solution."

"If you ask 'Wouldn't someone with a good clear mind be quite enough?' the answer probably is they might be; but I may have read some bits which are useful."

With this modest disclaimer the philosopher hoisted a leg on to the sofa and struck a Cleopatra attitude.

O'Neill is not, paradoxically, one of that new breed of "applied philosophers" let loose on medical ethics. Indeed, she is suspicious of them.

She is a theoretician who nonetheless takes a very pragmatic view of her assignment. She looks for starting points that are modest but cut deep; and she warns against arguments based on "fantastic" premises. She looks for principles that do something, not merely sound good.

Was human dignity a principle? It's a good Kantian phrase with lots of resonance. But is it a working part of the argument? Generally no. There's quite a lot of fluffy writing on bioethics and the appeal to human dignity is a very standard move.

"I don't find it a useful move, when there are other moves I could make more precisely. Then I might use it as a label at the end. Respecting human dignity could mean not using people as mere means, as, for example, walking banks of transplant organs."

What is to be done about the grey areas of which medicine is so full? "One shouldn't try to find principles that will neatly divide through a grey area, because you can always invent another case which has a particular wrinkle."

"You should look at the institutions and structures to enable people to handle the cases. Principles are most useful for professionals, in codes or legislation."

Here you begin to get differentiation and a common understanding among professionals how to interpret or apply them.

Permissive but thorough, the Nuffield report on human tissue may come to be seen as a model document.

Among its recommendations is that patient consent to treatment, properly explained, should be taken to include consent to disposal, storage, and other ethical uses (which it defines) of tissue removed.

The patient "abandons" his claims to ownership, but human parts do not become commodities. It argues strongly against allowing a market in blood and organs, and so-called "rewarded" gifting. But institutions should be allowed

to recover their costs. Tissue banks should continue to be non-profit, and registered.

Are these sane-sounding conclusions based on anything more than common sense?

"It's easy to be vague and lofty and speak out about 'the commercialisation of the human body', 'lack of respect for human dignity', 'violation of human rights'. Every one says 'Yes, yes, yes' and bows. 'But if you want to be relatively precise – and I would be the first to say none of this is very precise – then that is much, much harder.'"

So what is the starting point? Not, she says, patients' rights, the currently fashionable yardstick. One must look at the other end – the business end – because a patient's rights "are only as good as other people's performance of their duties."

Rights are important, but they are conferred – and have to be delivered. "The deflationary question is: who has the obligation to satisfy them?"

Talk of inalienable rights is dangerous rhetoric which leads to lazy thinking. O'Neill recalled being chastised by a "sweet" Spanish delegate at a World Health Organisation conference when she criticised the notion of a "right to health".

There is a lot of rhetoric and, of course, you have to hear with it while people think that you are a wicked woman because you have cast doubt on their lovely rhetoric. I

am a realist, but an optimistic realist."

This scepticism about rights, along with a passion for clarity, she inherited from her father, the late Sir Con O'Neill, a prominent diplomat who led the negotiating team for Britain's entry into the EEC.

O'Neill is equally sceptical of utilitarianism, the peculiarly British ethical theory developed by Jeremy Bentham and J.S. Mill whose maxim is that one should aim for the greatest happiness of the greatest number.

Utilitarianism is very influential in politics and public life, she said, because in its "soft" form it is comfortably plausible.

The trouble comes when one attempts to sharpen it up for use as a public policy instrument. Happiness has to be defined, outcomes to be predicted, and results measured.

Her own ethical starting point is more like Immanuel Kant's. Kant said one should act by that maxim which one could envisage as a universal law.

O'Neill puts it differently: "We can't seriously recommend people to adopt principles that cannot be followed by all. They must be followed by all, in thought as much as in action, and be suitable for everybody."

One such principle, central to the arguments of the Nuffield report but reaching far outside medicine, is that of not causing injury. "That sounds very negative," she

said. "But *injuring* cannot be a principle for all of us because if we all adopt it some who get injured won't be able to act at all. It was a logical loop that contains us."

In medicine the inflicting of injury – to prevent worse injury or save a life – has therefore to be justified at every point. "A doctor putting a needle into a child's bottom is an injury, but justifiable. If a complete stranger did it, it would be an assault."

Beneath this principle of non-injury, in the basement of O'Neill's ethical structure, lies another principle. At first she made it sound mysterious, if not actually secret.

It is her account of what is meant by "practical reason", or reasoning about actions.

"Many would say practical reason is instrumental, about means and ends. But the problem is you can't get out of it an unconditional vindication of the act because you have to posit the end."

"This is how positions like utilitarianism work. This view of practical reason is extremely popular in the modern world, the idea that the only thing reason provides is ways of getting from A to B."

The right way to look at it, she said, was to see reasoning as something we exchange with others, in the form of reasons: A as a reason for B, or X as a reason for doing Y. The first test was that reasoning should be accessible – which mirrors the maxim that our ethical

principles should also be followable. "You can't say 'This is my conception and you may not be able to follow'. That's being arbitrary. So followability seems to me the key element."

Are you saying that just because we reason we have obligations? "Broadly, yes. The ones that strike us first will not be moral but will be certain cognitive obligations about how you present your thinking – which becomes quickly a moral issue."

So somewhere at the foundation of ethics is the idea that if we communicate, we must also try to be communicable with.

O'Neill says we cannot depend on "systems" to help us through the maze of our modern dilemmas. We cannot build a machine that will crank out detailed instructions for every case.

But, says the pragmatic philosopher, if we make some good, minimal assumptions and if we tread carefully enough we shall be systematic in our thinking, avoid begging the question, and even provide some answers.

"The most difficult thing is to be sure that your arguments actually reach somewhere," she said. "That's far more important than trying to make them reach everywhere."

■ *Human Tissue: ethical and legal issues. From Nuffield Council on Bioethics, 28 Bedford Square, London WC1B 3EG. £10.*

## The call of high romance

Max Wilkinson considers the morality of encouraging dangerous enterprises

any of us who assembled for a memorial service in an old Kentish church this week might have been asking the same question: should those who encouraged a young woman to undertake a dangerous and unnecessary enterprise feel remorse when it ends in her death?

The resonant words of the priest and the triumphant organ voluntary as the mourners retired seemed to answer "No". Yet the question demands an answer.

The service was in remembrance of Lucy Dicker. She fell to her death in an icy couloir in the French Alps, after completing a round-the-world skiing expedition with her companion, Arnie Wilson.

Since the expedition was sponsored by the Financial Times, I, as editor of the Weekend FT, probably could be determined opposition, have prevented them from going. Others more directly involved in

organising the expedition might also have held them back.

But we did the opposite, encouraging them in what seemed at first an absurdly romantic dream, then helping to turn it into a practical plan. Later, in a different way, the readers of the Weekend FT cheered them on.

Strictly speaking, the accident was nothing to do with their plan to ski every day for 365 days in 1994, since it occurred after they had successfully completed the mission.

Yet that hardly makes a moral difference. The dangers of keeping to such an exacting schedule, in defiance of fatigue, and difficulties of all kinds, were known to all of us. It could have happened at any

time, despite all their care.

Arnie, Lucy and I discussed these dangers on a sunny afternoon in London two years ago, agreeing cheerfully that no excessive risks should be taken, that the project should not require them to ski down the most difficult runs in the many resorts they were to visit. The task would be simply to ski every day.

And yet this was not quite enough. Just as mountaineers need a summit, and speed enthusiasts require a record to break, so this project needed a target to ensure that success could not be won too easily. We agreed that the skiers should also set themselves to achieve an average number of miles per day

and to keep an accurate tally of the vertical feet which they skied.

Since nobody had tried to do anything similar before, the target we set was, in one sense, quite arbitrary.

But we decided over lunch, as coffee was brought to our comfortable chairs, that the task must be stiff enough to put continuous pressure on the skiers: to meet their quota, to force them out in adverse weather, and to put in strenuous effort on good days to make up for lost miles on the bad.

So we invented this special difficulty, just for the sport of it. Did this increase the dangers? No doubt, it did, because Lucy, particularly, regarded the mileage target

with all the high seriousness that mountaineers accord to their summits or athletes to improving their times.

Perhaps this target was unnecessary and artificial? Especially when weighed against the risks of injury or death which are ever present in high mountain ranges. Perhaps.

But despite the objective existence of a mountain peak, great oceans or the South Pole, the challenge of conquering them is always artificial.

People do not climb Mount Everest "because it is there". They climb for themselves, for the satisfaction of setting skill against danger, for the exhilaration and beauty of nature in its most fearsome

extremes, but above all to achieve the strength and self knowledge which comes from striving for a goal which they rate as greater than the risk of dying.

Technology, which gives us seat belts, safety officers and sell-by dates has made our society highly risk averse. We are obsessed by minuscule hazards from nuclear power and are frightened by dangers in medical treatment which would have made our grandparents laugh with relief.

Despite this, and the surrogate excitement of television, it seems there still are plenty of people who look up from their desks occasionally, shuffle past the air conditioning vents to the window and wish that they could find the courage to respond to the call of high romance.

That is why, I think, as we fled out of the church, sadness was not the only emotion, and not one of us finally regretted that we encouraged one who did.

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WEEKEND INVESTOR

Results due next week

Company	Sector	Announcement date	Dividend (p)	Yield (%)	Price (p)
ABN AMRO Group	Bank	Monday	2.25	4.5	2.44
Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0
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Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0

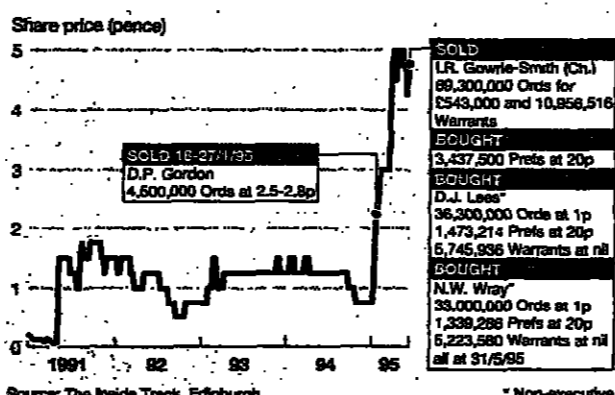
Last week's preliminary results

Company	Sector	Year	Profit (000s)	Share (p)	Dividend (p)
ABN AMRO Group	Bank	Mar	6,610 (5,910)	18.2 (18.0)	5.4 (4.8)
Admiral Group	Marine	Mar	1,640 (7,940)	14.84 (12.11)	5.3 (4.8)
Admiral Group	Marine	Mar	50,300 (45,300)	7.09 (6.23)	2.8 (2.30)
Admiral Group	Marine	Mar	572 (133)	1.3 (1.1)	0.25 (0.1)
Admiral Group	Marine	Mar	47,300 (43,500)	50.8 (47.8)	17.0 (15.3)
Admiral Group	Marine	Mar	21,400 (25,100)	16.8 (18.3)	10.3 (10.3)
Admiral Group	Marine	Mar	216,100 (132,000)	58.4 (58.0)	20.0 (22.0)
Admiral Group	Marine	Mar	51,800 (5,800 L)	49.7	-
Admiral Group	Marine	Mar	368,000 (222,000)	27.3 (23.5)	10.125 (8.0)
Admiral Group	Marine	Mar	3,020 L (2,570 L)	-	-
Admiral Group	Marine	Mar	600 (320)	2.4 (1.62)	2.25 (2.25)
Admiral Group	Marine	Mar	2,040 (1,440)	14.0 (11.0)	3.7 (-)
Admiral Group	Marine	Mar	5,800 (51,000)	189.72 (238.44)	36.5 (31.4)
Admiral Group	Marine	Mar	19,900 (-)	4.17 (5.14)	1.3 (1.3)
Admiral Group	Marine	Mar	1,110 (630)	8.59 (6.78)	3.6 (-)
Admiral Group	Marine	Mar	3,570 (2,710)	7.9 (5.3)	3.25 (-)
Admiral Group	Marine	Mar	60,150 (27,140)	19.2 (16.4)	7.32 (6.28)
Admiral Group	Marine	Mar	773 (311)	8.48 (2.31)	3.34 (3.34)
Admiral Group	Marine	Mar	5,610 (3,300)	27.1 (27.1)	9.25 (8.1)
Admiral Group	Marine	Mar	1,000 (713)	4.17 (5.14)	1.3 (1.3)
Admiral Group	Marine	Mar	2,470 (2,150)	55.0 (40.5)	8.8 (8.2)
Admiral Group	Marine	Mar	148,000 (120,000)	55.1 (40.5)	23.0 (20.0)
Admiral Group	Marine	Mar	67 (72)	3.17 (1.79)	0.75 (0.75)
Admiral Group	Marine	Mar	368 (502)	4.11 (4.58)	4.0 (4.0)
Admiral Group	Marine	Mar	60,150 (27,140)	27.1 (27.1)	11.25 (8.0)
Admiral Group	Marine	Mar	63,300 (45,100)	22.2 (16.8)	9.75 (8.8)
Admiral Group	Marine	Mar	1,070 (1,220)	3.8 (2.48)	1.7 (1.13)
Admiral Group	Marine	Mar	7,350 L (2,810 L)	-	-
Admiral Group	Marine	Mar	251 (102 L)	-	-
Admiral Group	Marine	Mar	781 (485)	8.91 (4.4)	8.8 (4.4)
Admiral Group	Marine	Mar	37,100 (37,000)	45.0 (27.8)	7.5 (15.0)
Admiral Group	Marine	Mar	18,100 (20,300)	50.01 (55.3)	45.0 (44.0)
Admiral Group	Marine	Mar	954 (1,910)	3.9 (2.2)	3.5 (5.4)
Admiral Group	Marine	Mar	95,400 (65,300)	33.4 (23.5)	9.3 (11.4)
Admiral Group	Marine	Mar	9,000 (8,800)	9.6 (10.8)	7.83 (7.83)
Admiral Group	Marine	Mar	2,400 (850)	3.12 (12.5)	10.0 (7.0)
Admiral Group	Marine	Mar	85.0 (85.0)	3.00 (0.00)	2.75 (1.8)
Admiral Group	Marine	Mar	8,600 (8,600)	22.2 (16.8)	9.75 (8.8)
Admiral Group	Marine	Mar	51,000 (41,000)	28.4 (24.0)	11.5 (10.8)
Admiral Group	Marine	Mar	6,100 (2,100)	11.2 (9.9)	4.0 (-)
Admiral Group	Marine	Mar	345,400 (281,200)	-	-
Admiral Group	Marine	Mar	1,220 (-)	1.16 (0.58)	-
Admiral Group	Marine	Mar	351.7 (233.8)	7.1 (5.1)	6.0 (5.0)
Admiral Group	Marine	Mar	90,400 (40,000)	116.72 (238.44)	18.0 (24.0)
Admiral Group	Marine	Mar	5,810 L (1,200 L)	-	-
Admiral Group	Marine	Mar	10,000 (12,000)	23.0 (17.0)	4.0 (4.0)
Admiral Group	Marine	Mar	240,000 (177,000)	-	-
Admiral Group	Marine	Mar	114.7 (137.3)	2.07 (1.30)	1.8 (1.3)
Admiral Group	Marine	Mar	88.7 (-)	0.64 (-)	0.5 (-)
Admiral Group	Marine	Mar	3,900 (17,300 L)	2.35 (-)	-
Admiral Group	Marine	Mar	20,000 (16,000)	25.0 (22.4)	11.0 (7.0)
Admiral Group	Marine	Mar	2,250 (2,200)	15.56 (15.0)	7.875 (7.5)
Admiral Group	Marine	Mar	6,030 (7,000)	8.5 (8.4)	3.45 (3.2)
Admiral Group	Marine	Mar	50,300 (26,400)	13.65 (6.7)	5.0 (4.25)
Admiral Group	Marine	Mar	2,270 (1,650)	9.25 (5.7)	3.3 (-)
Admiral Group	Marine	Mar	213.4 (221.8)	-	-
Admiral Group	Marine	Mar	570 (2,500 L)	9.2 (-)	1.5 (1.0)
Admiral Group	Marine	Mar	142,000 (107,700)	48.0 (48.0)	14.5 (11.75)
Admiral Group	Marine	Mar	20,200 (16,000)	13.6 (13.6)	8.5 (-)
Admiral Group	Marine	Mar	346.8 (313.0)	10.1 (8.7)	7.2 (5.4)
Admiral Group	Marine	Mar	303,700 (247,700)	71.3 (66.1)	25.3 (22.5)
Admiral Group	Marine	Mar	371,000 (383,000)	7.8 (6.11)	3.34 (2.78)
Admiral Group	Marine	Mar	7,020 (5,130)	7.38 (7.22)	2.75 (-)
Admiral Group	Marine	Mar	3,530 (1,760)	11.0 (7.1)	3.75 (2.25)
Admiral Group	Marine	Mar	142,000 (143,000)	65.5 (68.0)	27.8 (22.8)

Directors' dealings

Selling in computer-related companies over the past few weeks has been intense, writes *Vivien Macdonald* of *The Inside Track*. Most recently, three directors at Pison, a company noted for hand-held computers, disposed of 110,000 shares. But they still hold sizeable amounts of stock. The deal at Black and Edgington signals a change in direction. Previously involved with exhibitions and sporting occasions, the group is now moving into generic pharmaceuticals. Non-executives Nigel Wray and David Lees and chairman Ian Gorrrie Smith all joined the board in January 1995. Five directors of gardening equipment company Hozelock, which announced good interim last month, have sold shares after the price rose in response to considerable demand from the market.

Black and Edgington Group



Directors' share transactions in their own companies

Company	Sector	Shares	Value (£000)	No. of directors
ABN Group	Bank	2,250,000	4,725	4
Baynes (Charles)	Eng	250,000	338	1
Bermec Corp	PPAP	2,830	12	1
Broadcote	OHF	100,000	29	1
Fortune Oil	Oil	600,000	42	1
Halestead (J)	BMAM	7,725	25	1
Hilldown Hldgs	FDMA	1,000,000	1,300	1
Hozelock	OSAB	306,000	679	5
Int'l Bus Comm	Media	30,000	85	1
Kingsfisher	RetG	298,723	1,328	1
Next	RetG	81,185	277	1
PowerGen	Elec	50,225	261	1
Pison	Elec	710,000	2,608	3
Rhino Group	RetG	300,000	48	1
Tesco	RetG	5,075	15	1
Vardon	LAH	36,000	54	1
Walsley	BMAM	22,000	61	1
Argyll Group	RetG	77,025	249	1
Brown (N)	RetG	250,000	565	2
Courtauld	Chem	125,000	800	1
Courtauld Textiles	Text	5,192	26	1
Hammerston	Prop	7,191	25	1
National Power	Elec	215,884	1,012	1
Prudential Corp	LMA	151,500	517	1
British Telecom	Tele	500	20	1
Brown & Jackson	RetG	15,000	20	2
Bruntcliffe	Edn	41,000	11	1
Coast	OSAB	10,000	15	1
Gilbey & Dandy	BMAM	55,18,040	12	1
Grasset	Elec	21,000	29	1
Lords Club Int'l	LAH	7,000	22	1
Lucas Ind	Eng	12,000	23	1
Morgan Sindall	BCN	278,000	131	4
Pael Holdings	Prop	100,000	101	1
Persimmon	BCN	7,500	16	1
Personal Assets	IntT	150	13	1

In the Pink

The clubs that offer a little 'get up and grow'

Banding together to make money makes sense, says John Train, as it can bring continuity to decision-making

John Train is chairman of Montrose Advisers, investment counsel in New York City.

Some time ago, I mentioned in this column that joining an investment club seemed one way of avoiding the pernicious cycle of buying in periods of market enthusiasm and selling during periods of gloom. Since this subject is likely to be unfamiliar to most British readers, let me explain.

In any year, about 60 per cent of the clubs that belong to the US National Association of Investors outperform the market. Most American equity mutual funds (the US equivalent of unit trusts) do worse than the market, in part because of management expenses and transactional costs; indeed, only a third of them outperform the averages.

One reason for this difference is the simple and highly practical investment rules urged by the association. These are: Buy growth stocks. Re-invest income and capital gains. Diversify.

In general, an association member must contribute to his club's fund each month, and cannot withdraw any money until he decides to get out of the club completely. Since most enjoy their clubs - and, indeed, come to depend on them - the no-withdrawals rule helps to sustain members' performance.

US investment clubs typically have about 15 members, with an average portfolio size somewhat over \$100,000. They usually understand very well the first rule of investing: buy when the market is weak and sell (if at all) when it is strong.

This rule, which every experienced investor understands intellectually, is hard to apply for an individual acting alone. Most individuals buy high and sell low and lose money. So, it is precisely in this situation that a group of colleagues can provide moral support when needed.

The main transactions of investment clubs show little consistency in such patterns as price/earnings ratios or the types of companies bought. The really constant feature is

mance superiority of investment clubs is that they provide continuity of philosophy. The greatest enemy of good performance by an individual investor is, I believe, being swayed by exciting ideas, particularly about economics (about which little or nothing can be predicted) and exciting stock conceptions. Many investors hear good news about a stock, buy it, and then hear bad news about the economy, whereupon they sell

decisions on guesses about market direction. Instead, you should buy an interest in a good business when it is available at an attractive price.

A particular feature of US investment clubs that I have mentioned reinforces the principle of continuity: namely, that they require members to make regular contributions which they cannot halt or reverse without abandoning their membership.

And since members quite often enjoy the company of their fellow members as much as the profit enhancement - like members of book clubs - they are likely to resist the temptations to behave irrationally or panic. It is like Alcoholics Anonymous: resolve is fortified by group discussion.

The recent growth of investment clubs could indicate investment enthusiasm. Their number has more than quadrupled in the past 15 years, to about 14,000. A similar boom occurred in the years leading up to the 1973 bear market, which was extraordinarily unpleasant.

Could the boom of the past 15 years in these clubs be a symptom of the popular optimism that characterises a bull market blow-off? Or is it merely the diffusion of common sense and experience among their 200,000 members? Perhaps the answer is both. Since there are not that many ways to do well in the stock market, the few that do work (led by buying and holding growth stocks) should, in time, become more widely accepted. And who can ignore the fact that almost twice as many investment clubs as funds beat the market in any given year?

On the other hand, a period of steady growth in any equity investment vehicle tends to imply rising enthusiasm for the market in general - and, thus, greater risk.

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INTERNAL DIVIDENDS

Company	Sector	Announcement date	Dividend (p)	Yield (%)	Price (p)
ABN AMRO Group	Bank	Monday	2.25	4.5	2.44
Admiral Group	Marine	Monday	1.0	1.0	1.0
Admiral Group	Marine	Monday	1.0	1.0	1.0
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Last week's interim results

Company	Sector	Half year to	Profit (000s)	Share (p)	Dividend (p)
ABN Metals	Eng	Mar	1,310 (219 L)	1.3 (1.2)	-
Brick	EMEE	Mar	6,050 (4,900)	4.0 (3.5)	-
Bradstock	Ins	Mar	3,630 (3,350)	1.8 (1.6)	-
Broadgate Int'l Trust	IntT	Mar	120.44 (131.07)	-	-
Chemring	Eng	Mar	3,810 (2,850)	3.58 (3.24)	-
Chysalis	LAH	Feb	2,500 L (32)	-	-
City Site Estates	Prop	Mar	232 (312)	-	-
Galbraith Group	Eng	Mar	1,810 (1,300)	3.75 (3.0)	-
Tolly Hall & Son Ltd	Eng	Apr	38,300 (24,000)	4.3 (4.0)	-
Downsview	EMEE	Apr	804 (685)	0.9 (0.78)	-
Edinburgh New Tiger	IntT	Apr	30.83 (42.58)	-	-
Faber Plast	Dis	Mar	3,440 (2,330)	8.0 (5.3)	-
Fairclough, Gao Smith	IntT	Apr	101.19 (108.5)	-	-
Fransbury Group	IntT	Mar	123.1 (125.4)	1.0 (0.9)	-
Frenchay Group	Text	Apr	304 (551)	1.45 (1.45)	-
GWR Group	Med	Mar	2,000 (201)	0.84 (0.80)	-
Great West Res & Co	OSB	Mar	7,420 L (4,080)	-	-
Greenacres	PPAP	Mar	22,030 (10,650)	4.7 (3.7)	-
River Plate & Son Ltd	IntT	Apr	98.5 (195.2)	3.0 (3.0)	-
Shaw's Holdings	BAC	Mar	1,650 (1,200)	2.25 (1.75)	-
United Drug	PhG	Mar	2,330 (2,380)	2.55 (2.35)	-
Whitby	Dis	Apr	857 (838)	1.075 (0.2)	-

Permanent interest-bearing shares

These are the closest you can get to holding ordinary shares in a building society. They are fixed interest securities with no redemption date - so your capital cannot be guaranteed. You can realise your investment only by selling them on the open market - with the chance of capital gain or loss. They provide a relatively high yield, as the table shows. This is partly because a building society is theoretically not obliged to pay out if doing so would drive it into loss. Also, the market is relatively small and the shares are not always easy to buy and sell.

Stock	Duration (years)	Issue price (£)	Market price (£)	Yield (%)	Price (p)
Bradford & Bingley	11.625	100,120	10,090	118.800	9.788
Bradford & Bingley	13	100.2	10,000	132.500	9.789
Bradford & Bingley	13.375	100,338	1,000	134.748	9.807
Bradford & Bingley	13	100,423	1,000	130.800	9.824
Bradford & Bingley	11.75	100,562	50,000	124.510	9.421
Bradford & Bingley	12.125	100,749	1,000	122.048	9.910
Bradford & Bingley	11.75	100,247	10,000	110.625	10.811
Bradford & Bingley	8.75	100,515	50,000	94.439	9.280
Bradford & Bingley	12	100,228	50,000	125.515	9.363
Bradford & Bingley	13.375	100,227	1,000	134.375	9.842
Bradford & Bingley	13.375	100,500	50,000	143.814	9.625
Bradford & Bingley	10.75	100,317	1,000	108.624	9.575
Bradford & Bingley	12.625	108,446	1,000	126.492	9.808
Bradford & Bingley	12.625	100,135	1,000	128.747	9.795
Bradford & Bingley	12.625	100,478	1,000	129.334	9.836

Source: House of Commons, Committee on Standards and Privileges, 1995.

# Weekend Investor

Wall Street

## Fed chairman spoils the party again

Killjoy Greenspan pours cold water on hopes of interest rate cut, reports Maggie Urry

Alan Greenspan, the chairman of the Federal Reserve, is regarded by Wall Street as something of a killjoy. A cartoon in the Dayton (Ohio) Daily News, captioned "Alan Greenspan deals with the economy", has the bespectacled Fed chief reacting lugubriously to six different economic backgrounds: good times, bad times, bear market, bull market, boom and bust. In each case, the bubble coming from his mouth contains the two words "raise rates".

This week, Greenspan has spoiled the party again. After the surprising slump in employment numbers announced the previous Friday, the bond market was celebrating the interest rate cut it expected to be imminent by pushing yields well down. At one point, the yield on 10-year Treasury bonds dipped below the Fed's 6 per cent target rate.

The equity market's first reaction to the poor jobs figure was to assume that recession was coming. That would be bad for corporate profits and for share prices.

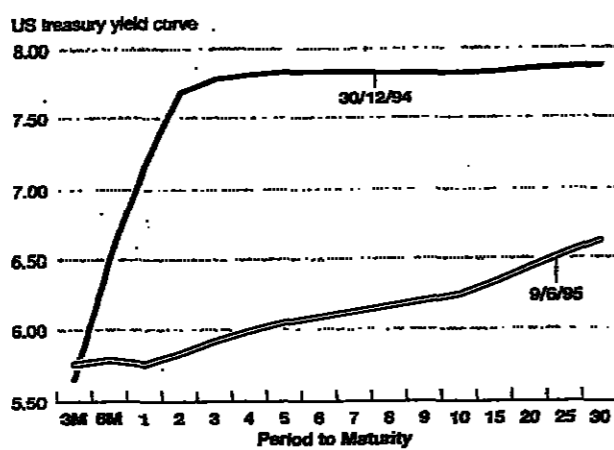
By Monday this week, though, equities were joining the party as hopes of an interest rate cut spread to the stock market. Share prices had a little help, too, from IBM's \$3.3bn hostile bid for Lotus Development. The Dow Jones industrial average rose 32.16 on the day to a new high and struggled up even further on Tuesday towards the 4,500 level.

Such was the strength of expectations of a cut that Jeffrey Applegate of CS First Boston, who had been one of the few remaining bears on Wall Street, stuck out his neck on Monday and forecast a reduction in the Fed Funds target rate from 6 to 5.5 per cent at the next two-day Fed open market committee meeting due to start on July 5. He advised clients to increase their holdings of equities from 40 to 60 per cent of their portfolios.

Less optimistic strategists were content to forecast a cut at the subsequent meeting on August 22 and 23, or perhaps a smaller cut - say, to 5.75 per cent - in July. Still, this is a big change from the view only a few months ago that monetary policy would continue to be tightened through the summer.

As the chart shows, the yield curve, which plots yields against the maturity of government notes and bonds, has

### Whither US interest rates?



fallen sharply since the start of the year as expectations have changed.

But, just as the party was swinging, along came Greenspan. On Wednesday, he said he could see little sign of a recession coming and implied that interest rates would not be cut in the near term. Bonds and equities both fell.

Greenspan has been wrong before. In July 1990, the economists at Nomura Securities International recall, he said that "the likelihood of a near-term recession seems low". A month later a recession began.

This time, many economists think he is right. Stephen Roach, of Morgan Stanley, believes the economy is just having a pause in the middle of a longer term expansion. He thinks the next move in bond yields will be up, not down and predicts the yield on the 30-year "long bond", now around 6.8 per cent, will go to 7 rather than 6 by the end of the summer.

The news is not all bad for equities. If the economy rebounds later in the year and remains strong in 1996, the outlook for corporate profits is good. Even here, though, there is scope for disappointment. There is a wide difference between the strategists' "top down" forecast of earnings in 1995 and 1996, and the "bottom up" estimates derived from aggregating analysts' forecasts for individual companies.

According to Institutional Brokers Estimate Service, the strategists are expecting 1995 earnings on the S&P 500 index to be \$33.93 in 1995, rising to \$35.31 in 1996. The analysts' forecasts are for \$38.27 in 1995 and \$43.78 in 1996.

The strategists may be too cautious, but the analysts are likely to be reducing their forecasts on individual stocks or sectors from time to time - which could begin to weigh on the market. On Thursday, for instance, the transport index fell sharply when Morgan Stanley's analyst cut his forecasts for the sector.

A resurgence in takeover activity would tend to lift share prices. IBM's bid for Lotus on Monday did contribute to the market's rise that day. Although other software companies' shares perked up in response, there has been little follow-through to share prices in general.

Few potential bidders have pockets as deep as IBM, which has cash of over \$10bn. And while Lotus has made it clear it would rather merge with some other company, none has emerged. But whether it is a good deal for IBM is another question.

It has certainly lacked the software capability its hardware business needs. But many believe that the giant, bureaucratic computer group cannot run an entrepreneurial outfit such as Lotus successfully. Others think that since Lou Gerstner arrived at the top of IBM two years ago, Big Blue has changed.

As with Greenspan and the economy, the market will have to wait and see who is right.

### Dow Jones Ind Average

Monday	4,476.55 + 32.16
Tuesday	4,485.20 + 8.65
Wednesday	4,462.03 - 23.17
Thursday	4,458.57 - 3.46
Friday	

London

## Zeneca sets screens buzzing

Philip Coggan reports on a day trading went berserk

Is the UK stock market rally finally running out of steam? Even evidence of the long-awaited bid fever failed to give much additional impetus to share prices in London this week.

The big excitement came on Thursday morning when trading in pharmaceuticals company Zeneca suddenly went berserk. The shares were as much as 140p higher at one stage and there were several instances of "backwardation", when prices are moving so fast that the on-screen buying price for investors is less than the selling price.

The story going through the market was that Swiss company Roche was about to bid for Zeneca. This was a rumour which had been circulating for some time but, even though Zeneca put out a statement saying it knew of no reason for its share price rise, plenty of people were putting money on the possibility.

With no announcement from a predator, some of the shine

was taken off Zeneca's share price yesterday. But it was still one of the best FT-SE 100 performers of the week.

Meanwhile, General Electric Company surprised the market with a £21.50 a share bid for submarine maker VSEL which was considerably higher than most analysts' expectations. The bid comfortably topped a rival offer from British Aerospace and was seen as a potential knock-out blow.

The Zeneca and GEC/VSEL news did help the markets to edge up on Thursday, with the FT-SE 100 index just managing a new 1995 high of 3,880.8. But it fell back yesterday, the Footsie dropped 43.1 points to 3,837.7, to finish the week with a seven-point loss.

Bid activity is normally very beneficial for markets since the predator injects cash which institutions can recycle into buying other shares. So why, this time, did the takeover excitement have such little effect?

One clue was provided by

gilt, which started to weaken on Thursday and Friday. On Tuesday, the yield on the 10-year gilt had dropped to 7.74 per cent, its lowest level of the year. By the end of yesterday, it had climbed back above 8 per cent.

Once again, the US proved to be the dominant influence on the London market. US Treasury bond prices, which have been rallying all year, reversed course after Alan Greenspan, the chairman of the Federal Reserve, indicated he did not expect the US economy to slip into recession.

This put a damper on speculation that the Fed would act quickly to cut interest rates. Expectations of that have been the driving force behind the rally in world markets in recent months.

The future direction of UK rates has been the focus of much speculation, too. Wednesday's monthly meeting between Kenneth Clarke, the chancellor of the exchequer, and Eddie George, the govern-



A Zeneca laboratory: working on how to keep track of the share price?

nor of the Bank of England, produced no immediate announcement. That led everybody to assume that the duo had left rates unchanged.

Since the May meeting, when the markets were surprised by the lack of a rate rise, statistics have seemed to support Clarke's view that the economy was slowing. Nevertheless, the Bank's fears that, without a rate rise, underlying inflation will rise outside the government's target range, seem to be shared widely.

Broker James Capel warned this week that sterling's weakness had forced the firm to upgrade its inflation forecast. "The chances of staying within the current 1 to 2.5 per cent target range much beyond the summer are negligible," its report said.

There could come a time, later in the year, when the markets look far less benignly on the government's inaction over base rates than it has so far.

Certainly, they are going to examine very closely the minutes of the May meeting between the governor and the chancellor, when they are published later this month, to discover the extent of the apparent disagreement between the pair.

A slower economy might not, in any case, be unadulterated good news for equities. In its latest briefing, S.G. Warburg warned that "the softer growth data which has so encouraged bond investors may nevertheless be starting to hit corporate earnings trends. After several months of steadily rising analysts' forecasts, the past few weeks have seen some modest downgrades," Warburg added.

"It is easy to envisage a period of near term uncertainty ahead as the momentum of recent bond gains fades and 1995 earnings estimates continue to soften."

There have been technical signs that the rally has been getting tired and narrowly-based. The number of stocks reaching 1995 highs on Thursday was just 153, back in early May, when the Footsie was 90 points lower. 485 stocks reached their best level of the year. A broad-based rally is normally considered to be more healthy than one which is focused on a limited number of stocks.

The technical analysts at Derivative Securities say the Footsie is standing around 4.5 per cent above its mean, judging by the long-term charts, and they expect a correction back to the 3,300 to 3,350 range in the short term.

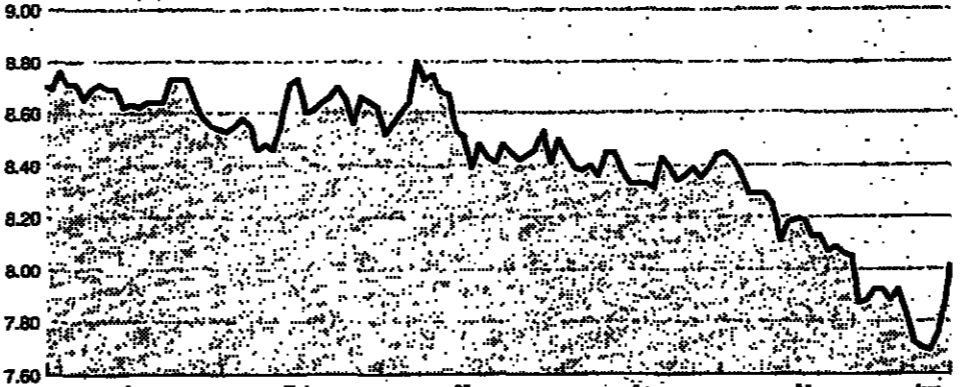
The dividend yield on the FT-A All-Share index is still below 4 per cent which, as this column has remarked before, is rarely a good time to buy shares.

And Warburg points out that the prospective price-earnings ratio on the FT-A Industrials index is above its 10-year average.

A correction would certainly be natural after such a prolonged rally, which has taken Footsie up 400 points since early March. But the greatest danger to the London market, many investors suspect, is not any valuation problems with UK shares but the prospect of a sudden and sharp reversal to the phenomenal rise on Wall Street.

### A setback for the gilt rally

UK 10-year benchmark bond yield (%)



Source: Datastream

### Highlights of the week

	Price	Change	1995	1995
	Ytd	on week	High	Low
FT-SE 100 Index	3337.7	-7.3	3380.8	2954.2
FT-SE Mid 250 Index	3678.9	-4.4	3700.9	3300.9
Aspec British Foods	680	+40	685	556
Braydon	63	-19	99	61
Elam	154	-54%	236	154
Floors	187	+15	194	103
Hamro	187	-28	233	182
NFC Var Vgt	169	-10	189	158
Radiance Technology	90	-37	129	89
Royal Insurance	316	-28	347	251
Seaboard	398	+19	484	304
SmithKline Beecham A	544	-34	590%	444
VSEL	2156	+323	2156	1356
Vodafone	223%	+22%	227%	177%
Zeneca	1039	+75	1123	840

Well Street nerves  
Rate fears subside  
Stock shortage  
Disappointing profits  
Profits warning  
Corporate activity hopes  
Dividend slashed  
Dividend concern  
Trading turns tough  
Goldman Sachs "sell"  
Bumper dividend  
Morgan Stanley "buy"  
GEC counterbid  
Strong results  
Bid speculation



Barry Riley

## Picking horses for bourses

Should companies have multiple stakeholders? Not necessarily

Another strident report this week from the Royal Society of Arts, Manufactures and Commerce makes some harsh criticisms of the shareholder-orientation of British companies and their alleged failure to pursue an "integrated" approach.

The desirability of specifically recognising multiple stakeholders - employees, customers, suppliers and so on, as well as shareholders - has become fashionable and has linked up with the old debate on short-termism. But you can turn this argument on its head. In some other countries, the failure to give shareholders an adequate slice of the cake is liable to put such economies at a disadvantage in the global capital market place.

Whatever the great and the good on the RSA's inquiry team may conclude, the shareholders are unlikely to think there is much of a problem with British or American listed companies. Over the past five years, the British and American stock markets both have delivered average annual returns of about 9.5 per cent in terms of sterling, while continental Europe has returned 3 per cent a year less and Japanese returns have been negative.

These have, of course, been years of slow growth, including a recession. One conclusion might be that Anglo-American corporate

attitudes are more adaptable, and give better results in tough conditions. American investors made a big tactical mistake in the first quarter of 1994, for instance, when they moved heavily into the Tokyo stock market on the basis that Japanese companies would restructure their way out of trouble in the same way that US corporations had done. But the Japanese corporate culture does not work that way. Share prices continue to struggle in Tokyo.

On the other hand, perhaps, Japanese companies perform better in periods of strong economic growth, in particular through aggressive capital investment programmes.

A common criticism of British (though not US) companies at present is that they have failed to respond to the economic upturn by taking sufficient steps to raise their productive capacity. But this might not be so much a failing of corporate culture as a consequence of the risk-aversion which UK companies have learnt to observe in order to survive the country's unusually violent swings in macro-economic policy. The fullness of time could bring a change of attitude - although the latest news of a fall in manufacturing output in April sheds a new light on the sluggishness of the investment statistics.

The immediate corporate governance problem in the UK is that one tiny group of stake-

holders, the top managers, has embarked on a pay bonanza. There is no resistance to this because the dominant institutional shareholders, the pension funds and the life assurance companies, are controlled by the same kind of people; external pension fund managers who campaign against excessive pay may not exactly

improve their relationships with the chairmen of the trustee boards, who usually just happen to be top company executives.

The National Association of Pension Funds reminded us this week, in publishing its annual survey of member schemes, that UK funds have grown enormously over the past 20 years - about tenfold in terms of real value - and now own a third of all British equities. Circularity crops up not just in the pay spiral but also in dividends, where the almost uniquely high British payouts are not just money down the drain, as the extreme long-termists and capital investment buffs would

suggest, but serve to bolster pension schemes: just over half NAPF members are paying nil or reduced pension contributions because their schemes are in large surplus. External input may be required to bring discipline to the executive pay determination process, but that does not imply that wider upheavals are justified.

In continental Europe the models are all subtly different. Germany is dominated by its view of a social contract and the historical role of the big commercial banks. France is influenced heavily by state dirigisme, leading to the curious phenomenon of *nouveau patrons* - or core investors in privatised businesses who are supposed to keep the demands of other shareholders, domestic or foreign, subordinated to the French national interest. Italian listed companies are still dominated heavily by controlling families and murky private banking interests.

Being an unprotected shareholder in such economies is to be in a hazardous position, so investors are rather few in number compared with the US or the UK. As for Japan, the market capitalisation of listed companies remains quite high but the values are dubious. There is much talk of the need for proper dividends to be paid now that rapid growth appears to be a phenomenon of the past.

In all these countries, it has been a matter of horses for bourses: the particular corporate structures have worked relatively well in isolation. But, as the barriers come down, it is these economies that are likely to face bigger challenges over cultural harmonisation than the UK, whatever the RSA may say.

The RSA might be calling for a move in the UK towards continental practices just when the German and French systems are coming under external pressure. But a more general criticism could be that there is no single best model for corporate behaviour. Certainly, the UK system has proved inadequate in many areas of basic manufacturing industry, where the best British operations are often under foreign ownership - as with the Japanese in consumer electronics and cars. On the other hand, the Japanese have proved inadequate in coping with software-type industries such as films or computer programs.

Multiple stakeholder-type approaches may be effective in stable industries, especially when backed up by sympathetic economic policies. But when markets and technologies are changing fast, single-mindedness could be a better attitude. Not only individual companies need to be competitive, but corporate cultures, too.

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